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Legislative History – Montana Session Law

Chapter: 642 Session L: 1993
Bill Number: HB 645

Checklist of Bill History

- [x] History and Final Status Sheet
- [x] Introduced Bill
- [x] Fiscal Note
- [ ] Third Reading Bill
- [ ] Final Version of Bill

House	Senate
Committee: Taxation	Committee: Taxation
Hearing Date(s): 3/11/1993	Hearing Date(s): 4/02/1993
Committee Report: 3/11/1993	Committee Report: 4/02/1993

Conference Committee

Hearing Date(s):

Conference Committee Report:

Compiler Notes

Compiled by: SK Marshall

Date: 3/28/2025

Notes: We do not have exhibits for the Conference Committee nor Hearing information

Thank you!

4/24	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	65	32
	SENATE		
4/21	FREE CONFERENCE COMMITTEE APPOINTED		
4/22	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/24	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	28	21
4/24	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	28	21
4/28	SIGNED BY SPEAKER		
4/28	SIGNED BY PRESIDENT		
4/29	TRANSMITTED TO GOVERNOR		
5/10	SIGNED BY GOVERNOR CHAPTER NUMBER 627 EFFECTIVE DATE: 07/01/93—SECTIONS 4 & 5 EFFECTIVE DATE: 01/01/94—SECTIONS 1-3		

HB 644 INTRODUCED BY D. BROWN, ET AL.

AUTHORIZE LEASE-PURCHASE FINANCING OF PUBLIC BUILDINGS AND STRUCTURES

2/17	INTRODUCED		
2/17	REFERRED TO LOCAL GOVERNMENT		
2/17	FIRST READING		
2/17	FISCAL NOTE REQUESTED		
2/18	HEARING		
2/19	COMMITTEE REPORT—BILL PASSED		
2/22	2ND READING PASSED AS AMENDED	90	9
2/23	FISCAL NOTE RECEIVED		
2/24	3RD READING PASSED	89	9
	TRANSMITTED TO SENATE		
3/01	FIRST READING		
3/01	REFERRED TO LOCAL GOVERNMENT		
3/02	FISCAL NOTE PRINTED		
3/23	HEARING		
3/26	TABLED IN COMMITTEE		

HB 645 INTRODUCED BY SCHYE, ET AL.

INCREASE AVIATION FUEL TAX BY 2 CENTS FOR LOANS AND GRANTS FOR AVIATION

2/17	INTRODUCED		
2/17	REFERRED TO LOCAL GOVERNMENT		
2/17	FIRST READING		
2/17	FISCAL NOTE REQUESTED		
2/18	REREFERRED TO TAXATION		
2/23	FISCAL NOTE RECEIVED		
3/02	FISCAL NOTE PRINTED		
3/11	HEARING		
3/13	COMMITTEE REPORT—BILL PASSED		
3/17	2ND READING PASSED	80	16
3/19	3RD READING PASSED	83	14
	TRANSMITTED TO SENATE		
3/22	FIRST READING		
3/22	REFERRED TO TAXATION		
4/02	HEARING		
4/03	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/13	2ND READING CONCURRED	49	0
4/14	3RD READING CONCURRED	43	6

	RETURNED TO HOUSE WITH AMENDMENTS		
4/15	2ND READING AMENDMENTS NOT CONCURRED	92	8
4/15	CONFERENCE COMMITTEE APPOINTED		
4/21	CONFERENCE COMMITTEE REPORT NO. 1		
4/22	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	74	24
4/22	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	74	24
	SENATE		
4/19	CONFERENCE COMMITTEE APPOINTED		
4/21	CONFERENCE COMMITTEE REPORT NO. 1		
4/21	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 REJECTED	49	0
4/21	CORRECTED VERSION OF CONFERENCE COMMITTEE REPORT NO. 1		
4/22	MOTION FAILED TO ADOPT CONFERENCE COMMITTEE REPORT NO. 1 ON 2ND READING	23	24
4/22	MOTION FAILED TO NOT ADOPT CONFERENCE COMMITTEE REPORT NO. 1 ON 2ND READING	24	24
4/22	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	26	23
4/22	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	26	24
4/28	SIGNED BY SPEAKER		
4/28	SIGNED BY PRESIDENT		
4/29	TRANSMITTED TO GOVERNOR		
5/24	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 642		
	EFFECTIVE DATE: 07/01/93—SECTIONS 1, 2, 4, 6, 8-11 & 15-17		
	CONTINGENT EFFECTIVE DATE: SECTIONS 3, 5, 7 & 12-14		

HB 646 INTRODUCED BY PETERSON, ET AL.

REVISE ALLOWABLE SALE PRICE OF MONTANA CODE ANNOTATED

BY REQUEST OF JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

2/17	INTRODUCED		
2/17	REFERRED TO APPROPRIATIONS		
2/17	FIRST READING		
2/17	FISCAL NOTE REQUESTED		
2/22	FISCAL NOTE RECEIVED		
2/22	FISCAL NOTE PRINTED		
3/04	HEARING		
3/10	COMMITTEE REPORT—BILL PASSED		
3/13	2ND READING PASSED AS AMENDED	98	0
3/16	3RD READING PASSED	97	2
	TRANSMITTED TO SENATE		
3/18	FIRST READING		
3/18	REFERRED TO FINANCE & CLAIMS		
3/23	HEARING		
3/24	COMMITTEE REPORT—BILL CONCURRED		
3/26	2ND READING CONCURRED	28	8
3/27	3RD READING CONCURRED	43	6
	RETURNED TO HOUSE		
3/31	SIGNED BY SPEAKER		
4/01	SIGNED BY PRESIDENT		
4/02	TRANSMITTED TO GOVERNOR		
4/07	SIGNED BY GOVERNOR		

SENATE PAGE NO. 1284, 1302, 1507, **1527**, **1580**, 1718, 1741, 1742, 1806 1807, *1835*, **1879**, 1888, **1893**, 1963

644 INTRODUCED BY D. BROWN, ET AL.: A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE STATE, COUNTIES, CITIES, AND TOWNS TO CONSTRUCT PUBLIC WORKS BY THE LEASE-PURCHASE METHOD OF FINANCING; ESTABLISHING PROCEDURES FOR AWARDING THE LEASE-PURCHASE CONTRACTS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

HOUSE PAGE NO. 675, 728, 781, 855, **877**, 913, **944**

SENATE PAGE NO. 752, 756

645 INTRODUCED BY SCHYE, ET AL.: A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF AERONAUTICS TO PROVIDE LOANS TO LOCAL GOVERNMENTS AND STATE AGENCIES FOR AERONAUTICAL PURPOSES; ALLOWING GRANTS TO BE MADE TO MUNICIPALITIES FOR AIRPORT DEVELOPMENT AND IMPROVEMENT PROGRAMS; PROVIDING NAVIGATIONAL AIDS, SAFETY IMPROVEMENTS, WEATHER REPORTING SERVICES, AND OTHER AERONAUTICAL SERVICES FOR AIRPORTS AND LANDING FIELDS AND FOR THE STATE'S AIRWAYS; INCREASING THE TAX ON AVIATION FUEL BY 2 CENTS A GALLON FOR LOANS AND GRANTS; PROVIDING THE TAX IS REDUCED BY 1 CENT A GALLON WHEN DEPOSITS INTO THE SPECIAL AERONAUTICAL LOAN ACCOUNT REACH $1 MILLION; PROVIDING FOR REFUNDS AND CREDITS UNDER CERTAIN CONDITIONS FOR AVIATION FUEL TAXES PAID; CREATING ACCOUNTS IN WHICH TO DEPOSIT THE PROCEEDS OF THE AVIATION FUEL TAX; AMENDING SECTIONS 15-70-201, 15-70-204, 15-70-205, 15-70-221, 15-70-225, 15-70-231, 67-1-301, AND 67-1-303, MCA; AND PROVIDING EFFECTIVE DATES AND A CONTINGENT TERMINATION DATE."

HOUSE PAGE NO. 675, 712, 1128, 1195, **1308**, 1315, **1340**, 2085, **2131**, *2133*, *2229*, 2258, **2264**, **2277**, 2418, 2419, 2421, 2423

SENATE PAGE NO. 1017, 1019, 1317, 1498, 1499, 1520, **1580**, 1718, 1742, *1785*, 1789 *1798*, 1825, **1827**, **1830**, **1848**, 1963

646 INTRODUCED BY PETERSON, ET AL. (BY REQUEST OF THE SUBCOMMITTEE ON GENERAL GOVERNMENT AND HIGHWAYS): A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE ALLOWABLE SALE PRICE OF THE MONTANA CODE ANNOTATED TO THE COST PRICE PLUS 25 PERCENT; PROVIDING THAT SALES TO STATE AND LOCAL GOVERNMENT AGENCIES MAY BE AT COST PLUS 5 PERCENT; AMENDING SECTION 1-11-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

HOUSE PAGE NO. 675, 1058, 1077, **1136**, 1195, **1273**, 1666, 1771, 1856, 1901, 1999

SENATE PAGE NO. 968, 969, 1051, 1093, **1094**, **1128**, 1303

647 INTRODUCED BY BERGSAGEL, ET AL.: A BILL FOR AN ACT ENTITLED: "AN ACT SUBMITTING TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII OF THE CONSTITUTION OF THE STATE OF MONTANA TO PLACE A LIMIT ON STATE GOVERNMENT SPENDING."

HOUSE PAGE NO. 675, 1320, 1339, 1521, 1527

HOUSE BILL NO. 645

INTRODUCED BY SCHYE, GILBERT, BRANDEWIE, KELLER

IN THE HOUSE

FEBRUARY 17, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
FEBRUARY 18, 1993	ON MOTION, REREFERRED TO COMMITTEE ON TAXATION.
MARCH 13, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 15, 1993	PRINTING REPORT.
MARCH 17, 1993	SECOND READING, DO PASS.
MARCH 18, 1993	ENGROSSING REPORT.
MARCH 19, 1993	THIRD READING, PASSED. AYES, 83; NOES, 14.
MARCH 22, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 22, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 3, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 12, 1993	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
APRIL 13, 1993	SECOND READING, CONCURRED IN.
APRIL 14, 1993	THIRD READING, CONCURRED IN. AYES, 43; NOES, 6.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 15, 1993	SECOND READING, AMENDMENTS NOT CONCURRED IN.
	ON MOTION, CONFERENCE COMMITTEE REQUESTED AND APPOINTED.
	IN THE SENATE
APRIL 19, 1993	ON MOTION, CONFERENCE COMMITTEE REQUESTED AND APPOINTED.
	IN THE HOUSE
APRIL 22, 1993	SECOND READING, CONFERENCE COMMITTEE REPORT ADOPTED.
	THIRD READING, CONFERENCE COMMITTEE REPORT ADOPTED.
	IN THE SENATE
APRIL 22, 1993	CONFERENCE COMMITTEE REPORT ADOPTED.
	IN THE HOUSE
APRIL 24, 1993	SENT TO ENROLLING.
	REPORTED CORRECTLY ENROLLED.

House BILL NO. 645

INTRODUCED BY Libya Dillert B Lewis
Keller

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF AERONAUTICS TO PROVIDE LOANS TO LOCAL GOVERNMENTS AND STATE AGENCIES FOR AERONAUTICAL PURPOSES; ALLOWING GRANTS TO BE MADE TO MUNICIPALITIES FOR AIRPORT DEVELOPMENT AND IMPROVEMENT PROGRAMS; PROVIDING NAVIGATIONAL AIDS, SAFETY IMPROVEMENTS, WEATHER REPORTING SERVICES, AND OTHER AERONAUTICAL SERVICES FOR AIRPORTS AND LANDING FIELDS AND FOR THE STATE'S AIRWAYS; INCREASING THE TAX ON AVIATION FUEL BY 2 CENTS A GALLON FOR LOANS AND GRANTS; PROVIDING THE TAX IS REDUCED BY 1 CENT A GALLON WHEN DEPOSITS INTO THE SPECIAL AERONAUTICAL LOAN ACCOUNT REACH $1 MILLION; PROVIDING FOR REFUNDS AND CREDITS UNDER CERTAIN CONDITIONS FOR AVIATION FUEL TAXES PAID; CREATING ACCOUNTS IN WHICH TO DEPOSIT THE PROCEEDS OF THE AVIATION FUEL TAX; AMENDING SECTIONS 15-70-201, 15-70-204, 15-70-205, 15-70-221, 15-70-225, 15-70-231, 67-1-301, AND 67-1-303, MCA; AND PROVIDING EFFECTIVE DATES AND A CONTINGENT TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-201, MCA, is amended to read:

"15-70-201. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Agricultural use" means use of gasoline by a person whose major endeavor and primary source of earned income is from the business of farming or ranching.

(2) "Aviation dealer" means any person in this state engaged in the business of selling aviation ~~gasoline~~ fuel, either from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as ~~herein~~ provided ~~for~~ in this section.

(3) "Aviation ~~gasoline~~ fuel" means gasoline or any other liquid fuel by ~~whatsoever~~ whatever name such the liquid fuel may be known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all such gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its military forces in aircraft.

(4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline delivered into the supply tank of a motor vehicle.

(5) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks ~~thereat or~~, gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks, thereat or gasoline imported into this state and placed in storage at refineries or pipeline terminals ~~shall be deemed~~ is considered to be

"distributed", for the purpose of this part, at the time the gasoline is withdrawn from ~~such~~ the tanks, refinery, or terminal storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery or pipeline terminal in this state. When withdrawn from ~~such~~ the tanks, refinery, or terminal, ~~such~~ the gasoline may be distributed only by a person who is the holder of a valid distributor's license.

(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline terminals, ~~shall be deemed~~ is considered to be "distributed" after it has arrived in and is brought to rest in this state.

(6) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

(c) any person who engages in the wholesale distribution of gasoline in this state and chooses to become licensed to assume the Montana state gasoline tax liability;

(d) any exporter as defined in subsection (8);

(e) any dealer licensed as of January 1, 1969, except a dealer at an established airport;

(f) any person in Montana who blends alcohol with gasoline.

(7) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal within Montana.

(8) "Exporter" means any person who transports, other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal in Montana to a destination outside Montana for sale, use, or consumption beyond the boundaries of this state.

(9) "Gasoline" includes all products commonly or commercially known or sold as gasolines, including casinghead gasoline, natural gasoline, aviation ~~gasoline~~ fuel, and all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. Gasoline does not include special fuels as defined in 15-70-301.

(10) "Import" includes and means to receive into any person's possession or custody first after its arrival and coming to rest at destination within the state of any gasoline shipped or transported into this state from a point of origin ~~without~~ outside of this state other than in the fuel supply tank of a motor vehicle.

(11) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this state in whole or in part by the combustion of gasoline.

(12) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

(13) "Use" includes and means the operation of motor vehicles upon the public roads or highways of the state or of any political subdivision ~~thereof~~ of the state."

Section 2. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax — rate. (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 3 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended~~, and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 3. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax — rate. (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 2 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended~~, and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 4. Section 15-70-205, MCA, is amended to read:

"15-70-205. Distributor's statement and payment — confidentiality. (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed ~~statement, duly signed,~~ to the department of transportation of all gasoline distributed and received by ~~him~~ the distributor in this state during the preceding calendar month and containing any other information the department

may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for evaporation and other loss of gasoline distributed by the distributor; however, no an allowance may not be deducted from the ~~1--cent~~ 3-cent tax on aviation ~~gasoline~~ fuel.

(2) A distributor engaged in or carrying on ~~his~~ a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. ~~Nothing in this~~ This section may not be construed to prohibit:

(a) the delivery to a distributor or ~~his~~ the distributor's authorized representative of a certified copy of any return or report filed in connection with ~~his~~ the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of

a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or ~~his~~ the officer's representative only if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 5. Section 15-70-205, MCA, is amended to read:

"15-70-205. Distributor's statement and payment -- confidentiality. (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed

statement~~,~~ ~~duly signed,~~ to the department of transportation of all gasoline distributed and received by ~~him~~ the distributor in this state during the preceding calendar month and containing any other information the department may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for evaporation and other loss of gasoline distributed by the distributor; however, no an allowance may not be deducted from the ~~1--cent~~ 2-cent tax on aviation ~~gasoline~~ fuel.

(2) A distributor engaged in or carrying on ~~his~~ a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. ~~Nothing in this~~ This section may not be construed to prohibit:

(a) the delivery to a distributor or ~~his~~ the distributor's authorized representative of a certified copy

of any return or report filed in connection with ~~his~~ the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or ~~his~~ the officer's representative only if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 6. Section 15-70-221, MCA, is amended to read:

"15-70-221. Refund or credit authorized. (1) Any person who ~~shall--purchase~~ purchases and use uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline so used. ~~Such~~ The refund ~~or drawback should in no instance~~ may not exceed the tax paid or to be paid to the state. ~~and no~~ Except as provided in subsection (5) or (6), a refund ~~shall be~~ is not allowed ~~of that portion of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall--be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received no consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of such other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger air carrier certified under 14 CFR, part 121 or 135, may claim a refund of 2 cents on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 2 cents a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 7. Section 15-70-221, MCA, is amended to read:

"15-70-221. Refund or credit authorized. (1) Any person

who ~~shall purchase~~ purchases and ~~use~~ uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline ~~so used. Such~~ The refund ~~or drawback should in~~ no instance may not exceed the tax paid or to be paid to the state. ~~and no~~ Except as provided in subsection (5) or (6), a refund ~~shall be~~ is not allowed ~~of that portion of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received no consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared

worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of such other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger air carrier certified under 14 CFR, part 121 or 135, may claim a refund of 1 cent on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 1 cent a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 8. Section 15-70-225, MCA, is amended to read:

"15-70-225. Application for refund or credit -- filing -- correction by department. (1) The application for refund ~~shall be~~ is a signed statement, on a form furnished by the

department of transportation. Except for a claim for a credit of taxes paid on unpaid accounts, the form must be accompanied by the original bulk delivery invoice or invoices issued to the claimant at the time of each purchase and delivery, showing the total amount of gasoline purchased or aviation fuel purchased by a certified scheduled passenger air carrier, the total amount of gasoline or aviation fuel on which a refund is claimed, and the amount of the tax claimed for refund.

(2) A claim for a credit for taxes paid on accounts for which the distributor ~~received---no~~ did not receive compensation must be accompanied by documents or copies of documents showing that the accounts were worthless and claimed as bad debts on the distributor's federal income tax return. Any further information pertaining to a claim ~~shall~~ must be furnished as required by the department.

~~(2)~~(3) A bulk delivery invoice issued by a dealer for a sale that does not qualify as a bulk delivery under 15-70-201 is not valid for refund purposes.

~~(3)~~(4) All applications for refunds ~~shall~~ must be filed with the department within 14 months after the date on which the gasoline or aviation fuel was purchased as shown by invoices or after the date on which the tax was erroneously paid. A distributor may file a claim for refund of taxes erroneously paid or for a credit for taxes paid by ~~him~~ the

distributor on unpaid accounts within 3 years after the date of payment.

~~(4)~~(5) ~~Should~~ If the department ~~find~~ finds that the statement contains errors ~~which~~ that are not fraudulently inserted, it may correct the statement and approve it as corrected or the department may require the claimant to file an amended statement."

Section 9. Section 15-70-231, MCA, is amended to read:

"15-70-231. Unlawful use of aviation ~~gasoline~~ fuel. It ~~shall be~~ is unlawful for any person to use aviation ~~gasoline~~ fuel or to sell ~~such gasoline~~ aviation fuel for use in any motorized vehicle operated upon the public highways or streets of this state. Violation of this section ~~shall be~~ is a misdemeanor subject to the penalties provided in 15-70-232."

Section 10. Section 67-1-301, MCA, is amended to read:

"67-1-301. Money -- receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such--moneys--shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There--shall~~ The following amounts must be deposited ~~in-the-state-special-revenue-fund-to-the-credit-of~~ the--department from the proceeds of ~~1---cent~~ the 3-cent-per-gallon ~~per-gallon-out-of-the-amount-per-gallon-of-gasoline-license~~ tax imposed on aviation fuel by ~~the-laws-of-this-state-upon-purchases-of-gasoline-used-for-the-operation-of-aircraft~~ 15-70-204(1):

(i) ~~Moneys~~ in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon collected under 15-70-204(1) ~~so--deposited shall--be--spent--by--the-department~~ for the sole purpose of carrying out its functions pertaining to aeronautics~~,~~;

(ii) in the aeronautical loan account created in [section 11] to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for loans to local governments and state agencies; and

(iii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways.

(b) Money deposited in the account created in [section 11] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this subsection (b) must be deposited in the account created in [section 11].

(c) Money deposited in the separate account established in subsection (4)(a)(iii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting

LC 1236/01

services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 11.** Special aeronautical loan account. There is a special aeronautical loan account in the state special revenue fund. Money deposited in the account may be used only for providing loans specified in 67-1-301(4)(b).

Section 12. Section 67-1-301, MCA, is amended to read:

"67-1-301. Money -- receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources

for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such moneys shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There shall~~ The following amounts must be ~~deposited in the state special revenue fund to the credit of the department~~ from the proceeds of ~~1 cent~~ the 2-cent-per-gallon ~~per gallon out of the amount per gallon of gasoline license~~ tax imposed on aviation fuel by ~~the laws of this state upon purchases of gasoline used for the operation of aircraft,~~ 15-70-204(1):

(i) Moneys in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon collected under 15-70-204(1) ~~so deposited shall be spent by the department~~ for the sole purpose of carrying out its functions pertaining to aeronautics~~,~~; and

(ii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for grants to municipalities and

for other aeronautical purposes as provided in subsection (4)(b).

(b) Money deposited in the separate account established in subsection (4)(a)(ii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 13.** Special aeronautical loan account. There is a special aeronautical loan account in the state special revenue fund. Principal and interest payments deposited in the account may be used only for providing loans specified in [section 14].

NEW SECTION. **Section 14.** Aeronautical loans. Money deposited in the account created in [section 13] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall

establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this section must be deposited in the account created in [section 13].

Section 15. Section 67-1-303, MCA, is amended to read:

"67-1-303. Airline property tax -- state airports. (1) Within 30 days of receipt, the county treasurer shall transmit to the state treasury 90% of the property tax collected on property of airline companies by reason of a state airport being located in the county.

(2) The state treasurer shall place the money in the state special revenue fund to the credit of the department of transportation for the purposes provided for in 67-1-301(4)(a)(i)."

NEW SECTION. **Section 16.** Codification instruction. [Sections 11, 13, and 14] are intended to be codified as an integral part of Title 67, chapter 1, part 3, and the provisions of Title 67, chapter 1, part 3, apply to [sections 11, 13, and 14].

NEW SECTION. **Section 17.** Effective dates -- contingent termination. (1) [Sections 1, 2, 4, 6, 8 through 11, 15, 16, and this section] are effective July 1, 1993.

(2) [Sections 3, 5, 7, and 12 through 14] are effective on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less

refunds, reaches $1 million.

(3) [Sections 2, 4, 6, 10, and 11] terminate on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less refunds, reaches $1 million.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0645, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:
An act allowing the Board of Aeronautics to provide loans to local governments and state agencies for aeronautical purposes; allowing grants to be made to municipalities for airport development and improvement programs; providing navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways; increasing the tax on aviation fuel by 2 cents a gallon for loans and grants; providing the tax is reduced by 1 cent a gallon when deposits into the special aeronautical loan account reach $1 million; providing for refunds and credits under certain conditions for aviation fuel taxes paid; creating accounts in which to deposit the proceeds of the aviation fuel tax; and providing effective dates and a contingent termination date.

ASSUMPTIONS:
1. Commercial airlines consume 51% of total aviation fuel; the military (JP-4) consumes 27% of total aviation fuel; and general aviation consumes 22% of total fuel based on a calendar year 1990 airline fuel survey by the Aeronautics Board.
2. The additional 2 cents tax will not be collected on military consumption of aviation fuel (27% of total aviation fuel consumed).
3. The 7% surtax is in effect for July and August of FY94.
4. The aviation taxes will be collected and processed as they are currently. A new class of refunds is created by the change to 15-70-221(5), MCA. There will be refunds to six airlines as well as credits for military suppliers to be processed and administered by the collections section, Accounting Services Bureau. This proposed bill workload is likely to require an additional 0.25 FTE.
5. The loans and grants provided by this bill will be administered by the Aeronautics Division.
6. New forms will need to be developed to accommodate the refunds provided by 15-70-221, MCA.
7. A new accounting entity and new responsibility centers will be needed to account for the receipts in accordance with 67-1-301(4), MCA.
8. Consumption of aviation fuel is not expected to change.
9. Additional spending authority will be required in the Aeronautics Division budget in the General Approproiations Act of 1993 for the loans and grants.

(continued)

Dave Lewis 2-23-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

3/2/93
TED SCHYE, PRIMARY SPONSOR DATE

Fiscal Note for HB0645, as introduced
HB 645

FISCAL IMPACT:

General Operations (Pg 01)

Expenditures:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
FTE	190.08	190.33	0.25	190.08	190.33	0.25
Personal Services	$ 6,164,720	$ 6,168,788	$ 4,068	$ 6,184,495	$ 6,188,569	$ 4,074
Operating	4,912,089	4,912,139	50	4,650,929	4,650,929	0
Equipment	280,426	280,426	0	892,400	892,400	0
Debt Service	12,641	12,641	0	12,641	12,641	0
Total	$11,369,876	$ 11,373,994	$ 4,118	$11,740,465	$ 11,744,539	$ 4,074
Funding:						
Highway State Special	$ 8,546,828	$ 8,550,946	$ 4,118	$ 8,904,517	$ 8,908,591	$ 4,074
Federal Special Revenue	2,823,048	2,823,048	0	2,835,948	2,835,948	0
Total	$11,369,876	$ 11,373,994	$ 4,118	$11,740,465	$ 11,744,539	$ 4,074
Revenues:						
Aviation Fuel Tax (02)	$ 382,239	$ 548,193	$ 165,954	$ 377,831	$ 544,093	$ 166,262

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Portions of tax revenues generated by this bill, as stated in 67-1-301, MCA, would provide amounts to be loaned or granted to municipalities or counties.

HB 645

RE-REFERRED AND APPROVED BY COMMITTEE ON TAXATION

House BILL NO. 645

INTRODUCED BY Selge Gilbert Boharski Keller

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF AERONAUTICS TO PROVIDE LOANS TO LOCAL GOVERNMENTS AND STATE AGENCIES FOR AERONAUTICAL PURPOSES; ALLOWING GRANTS TO BE MADE TO MUNICIPALITIES FOR AIRPORT DEVELOPMENT AND IMPROVEMENT PROGRAMS; PROVIDING NAVIGATIONAL AIDS, SAFETY IMPROVEMENTS, WEATHER REPORTING SERVICES, AND OTHER AERONAUTICAL SERVICES FOR AIRPORTS AND LANDING FIELDS AND FOR THE STATE'S AIRWAYS; INCREASING THE TAX ON AVIATION FUEL BY 2 CENTS A GALLON FOR LOANS AND GRANTS; PROVIDING THE TAX IS REDUCED BY 1 CENT A GALLON WHEN DEPOSITS INTO THE SPECIAL AERONAUTICAL LOAN ACCOUNT REACH $1 MILLION; PROVIDING FOR REFUNDS AND CREDITS UNDER CERTAIN CONDITIONS FOR AVIATION FUEL TAXES PAID; CREATING ACCOUNTS IN WHICH TO DEPOSIT THE PROCEEDS OF THE AVIATION FUEL TAX; AMENDING SECTIONS 15-70-201, 15-70-204, 15-70-205, 15-70-221, 15-70-225, 15-70-231, 67-1-301, AND 67-1-303, MCA; AND PROVIDING EFFECTIVE DATES AND A CONTINGENT TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-201, MCA, is amended to read:

"15-70-201. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Agricultural use" means use of gasoline by a person whose major endeavor and primary source of earned income is from the business of farming or ranching.

(2) "Aviation dealer" means any person in this state engaged in the business of selling aviation ~~gasoline~~ fuel, either from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as ~~herein~~ provided ~~for~~ in this section.

(3) "Aviation ~~gasoline~~ fuel" means gasoline or any other liquid fuel by ~~whatsoever~~ whatever name ~~such~~ the liquid fuel may be known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all ~~such~~ gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its military forces in aircraft.

(4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline delivered into the supply tank of a motor vehicle.

(5) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks ~~thereat or~~, gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks, ~~thereat~~ or gasoline imported into this state and placed in storage at refineries or pipeline terminals ~~shall be deemed~~ is considered to be

"distributed", for the purpose of this part, at the time the gasoline is withdrawn from ~~such~~ the tanks, refinery, or terminal storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery or pipeline terminal in this state. When withdrawn from ~~such~~ the tanks, refinery, or terminal, ~~such~~ the gasoline may be distributed only by a person who is the holder of a valid distributor's license.

(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline terminals, ~~shall be deemed~~ is considered to be "distributed" after it has arrived in and is brought to rest in this state.

(6) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

(c) any person who engages in the wholesale distribution of gasoline in this state and chooses to become licensed to assume the Montana state gasoline tax liability;

(d) any exporter as defined in subsection (8);

(e) any dealer licensed as of January 1, 1969, except a dealer at an established airport;

(f) any person in Montana who blends alcohol with gasoline.

(7) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal within Montana.

(8) "Exporter" means any person who transports, other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal in Montana to a destination outside Montana for sale, use, or consumption beyond the boundaries of this state.

(9) "Gasoline" includes all products commonly or commercially known or sold as gasolines, including casinghead gasoline, natural gasoline, aviation ~~gasoline~~ fuel, and all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. Gasoline does not include special fuels as defined in 15-70-301.

(10) "Import" includes and means to receive into any person's possession or custody first after its arrival and coming to rest at destination within the state of any gasoline shipped or transported into this state from a point of origin ~~without~~ outside of this state other than in the fuel supply tank of a motor vehicle.

(11) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this state in whole or in part by the combustion of gasoline.

(12) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

(13) "Use" includes and means the operation of motor vehicles upon the public roads or highways of the state or of any political subdivision ~~thereof~~ of the state."

Section 2. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax -- rate. (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 3 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended,~~ and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 3. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax -- rate. (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 2 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended,~~ and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 4. Section 15-70-205, MCA, is amended to read:

"15-70-205. Distributor's statement and payment -- confidentiality. (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed ~~statement, duly signed,~~ to the department of transportation of all gasoline distributed and received by ~~him~~ the distributor in this state during the preceding calendar month and containing any other information the department

may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for evaporation and other loss of gasoline distributed by the distributor; however, ~~no~~ an allowance may not be deducted from the ~~1--cent~~ 3-cent tax on aviation ~~gasoline~~ fuel.

(2) A distributor engaged in or carrying on ~~his~~ a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. ~~Nothing in this~~ This section may not be construed to prohibit:

(a) the delivery to a distributor or ~~his~~ the distributor's authorized representative of a certified copy of any return or report filed in connection with ~~his~~ the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of

a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or ~~his~~ the officer's representative only if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 5. Section 15-70-205, MCA, is amended to read:

"**15-70-205. Distributor's statement and payment -- confidentiality.** (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed

statement~~,-duly-signed,~~ to the department of transportation of all gasoline distributed and received by ~~him~~ the distributor in this state during the preceding calendar month and containing any other information the department may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for evaporation and other loss of gasoline distributed by the distributor; however, ~~no~~ an allowance may not be deducted from the ~~1--cent~~ 2-cent tax on aviation ~~gasoline~~ fuel.

(2) A distributor engaged in or carrying on ~~his~~ a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. ~~Nothing-in--this~~ This section may not be construed to prohibit:

(a) the delivery to a distributor or ~~his~~ the distributor's authorized representative of a certified copy

of any return or report filed in connection with ~~his~~ the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or ~~his~~ the officer's representative only if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 6. Section 15-70-221, MCA, is amended to read:

"15-70-221. Refund or credit authorized. (1) Any person who ~~shall--purchase~~ purchases and ~~use~~ uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline ~~so used~~. ~~Such~~ The refund ~~or drawback should in no instance~~ may not exceed the tax paid or to be paid to the state. ~~and no~~ Except as provided in subsection (5) or (6), a refund ~~shall be~~ is not allowed ~~of that portion of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall--be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received no consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of such other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger air carrier certified under 14 CFR, part 121 or 135, may claim a refund of 2 cents on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 2 cents a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 7. Section 15-70-221, MCA, is amended to read:

"15-70-221. Refund or credit authorized. (1) Any person

who ~~shall-purchase~~ purchases and ~~use~~ uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall--be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline ~~so-used~~. ~~Such~~ The refund ~~or-drawback-should--in no-instance~~ may not exceed the tax paid or to be paid to the state~~, and-no~~ Except as provided in subsection (5) or (6), a refund ~~shall--be~~ is not allowed ~~of-that-portion-of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall--be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received ~~no~~ consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared

worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of ~~such~~ other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger air carrier certified under 14 CFR, part 121 or 135, may claim a refund of 1 cent on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 1 cent a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 8. Section 15-70-225, MCA, is amended to read:

"15-70-225. Application for refund or credit -- filing -- correction by department. (1) The application for refund ~~shall--be~~ is a signed statement, on a form furnished by the

department of transportation. Except for a claim for a credit of taxes paid on unpaid accounts, the form must be accompanied by the original bulk delivery invoice or invoices issued to the claimant at the time of each purchase and delivery, showing the total amount of gasoline purchased or aviation fuel purchased by a certified scheduled passenger air carrier, the total amount of gasoline or aviation fuel on which a refund is claimed, and the amount of the tax claimed for refund.

(2) A claim for a credit for taxes paid on accounts for which the distributor ~~received---no~~ did not receive compensation must be accompanied by documents or copies of documents showing that the accounts were worthless and claimed as bad debts on the distributor's federal income tax return. Any further information pertaining to a claim ~~shall~~ must be furnished as required by the department.

~~(2)~~(3) A bulk delivery invoice issued by a dealer for a sale that does not qualify as a bulk delivery under 15-70-201 is not valid for refund purposes.

~~(3)~~(4) All applications for refunds ~~shall~~ must be filed with the department within 14 months after the date on which the gasoline or aviation fuel was purchased as shown by invoices or after the date on which the tax was erroneously paid. A distributor may file a claim for refund of taxes erroneously paid or for a credit for taxes paid by ~~him~~ the

distributor on unpaid accounts within 3 years after the date of payment.

~~(4)~~(5) ~~Should~~ If the department ~~find~~ finds that the statement contains errors ~~which~~ that are not fraudulently inserted, it may correct the statement and approve it as corrected or the department may require the claimant to file an amended statement."

Section 9. Section 15-70-231, MCA, is amended to read:

"15-70-231. Unlawful use of aviation ~~gasoline~~ fuel. It ~~shall be~~ is unlawful for any person to use aviation ~~gasoline~~ fuel or to sell ~~such gasoline~~ aviation fuel for use in any motorized vehicle operated upon the public highways or streets of this state. Violation of this section ~~shall be~~ is a misdemeanor subject to the penalties provided in 15-70-232."

Section 10. Section 67-1-301, MCA, is amended to read:

"67-1-301. Money -- receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such--moneys--shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There--shall~~ The following amounts must be deposited ~~in-the-state-special-revenue-fund-to-the-credit-of the--department~~ from the proceeds of ~~1---cent~~ the 3-cent-per-gallon ~~per-gallon-out-of-the-amount-per-gallon-of gasoline-license~~ tax imposed on aviation fuel by ~~the-laws-of this-state-upon-purchases-of-gasoline used-for-the-operation of-aircraft~~ 15-70-204(1):

(i) ~~Moneys~~ in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon collected under 15-70-204(1) ~~so--deposited shall--be--spent--by--the-department~~ for the sole purpose of carrying out its functions pertaining to aeronautics~~.~~;

(ii) in the aeronautical loan account created in

[section 11] to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for loans to local governments and state agencies; and

(iii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways.

(b) Money deposited in the account created in [section 11] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this subsection (b) must be deposited in the account created in [section 11].

(c) Money deposited in the separate account established in subsection (4)(a)(iii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting

services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 11.** Special aeronautical loan account. There is a special aeronautical loan account in the state special revenue fund. Money deposited in the account may be used only for providing loans specified in 67-1-301(4)(b).

Section 12. Section 67-1-301, MCA, is amended to read:

"67-1-301. Money -- receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources

for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such moneys shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There shall~~ The following amounts must be deposited ~~in the state special revenue fund to the credit of the department~~ from the proceeds of ~~1 cent~~ the 2-cent-per-gallon ~~per gallon out of the amount per gallon of gasoline license~~ tax imposed on aviation fuel by ~~the laws of this state upon purchases of gasoline used for the operation of aircraft,~~ 15-70-204(1):

(i) ~~Moneys~~ in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon collected under 15-70-204(1) ~~so deposited shall be spent by the department~~ for the sole purpose of carrying out its functions pertaining to aeronautics~~,~~; and

(ii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for grants to municipalities and

for other aeronautical purposes as provided in subsection (4)(b).

(b) Money deposited in the separate account established in subsection (4)(a)(ii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 13.** Special aeronautical loan account. There is a special aeronautical loan account in the state special revenue fund. Principal and interest payments deposited in the account may be used only for providing loans specified in [section 14].

NEW SECTION. **Section 14.** Aeronautical loans. Money deposited in the account created in [section 13] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall

establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this section must be deposited in the account created in [section 13].

Section 15. Section 67-1-303, MCA, is amended to read:

"67-1-303. Airline property tax -- state airports. (1) Within 30 days of receipt, the county treasurer shall transmit to the state treasury 90% of the property tax collected on property of airline companies by reason of a state airport being located in the county.

(2) The state treasurer shall place the money in the state special revenue fund to the credit of the department of transportation for the purposes provided for in 67-1-301(4)(a)(i)."

NEW SECTION. **Section 16.** Codification instruction. [Sections 11, 13, and 14] are intended to be codified as an integral part of Title 67, chapter 1, part 3, and the provisions of Title 67, chapter 1, part 3, apply to [sections 11, 13, and 14].

NEW SECTION. **Section 17.** Effective dates -- contingent termination. (1) [Sections 1, 2, 4, 6, 8 through 11, 15, 16, and this section] are effective July 1, 1993.

(2) [Sections 3, 5, 7, and 12 through 14] are effective on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less

refunds, reaches $1 million.

(3) [Sections 2, 4, 6, 10, and 11] terminate on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less refunds, reaches $1 million.

-End-

House BILL NO. 645

INTRODUCED BY [signatures]

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF AERONAUTICS TO PROVIDE LOANS TO LOCAL GOVERNMENTS AND STATE AGENCIES FOR AERONAUTICAL PURPOSES; ALLOWING GRANTS TO BE MADE TO MUNICIPALITIES FOR AIRPORT DEVELOPMENT AND IMPROVEMENT PROGRAMS; PROVIDING NAVIGATIONAL AIDS, SAFETY IMPROVEMENTS, WEATHER REPORTING SERVICES, AND OTHER AERONAUTICAL SERVICES FOR AIRPORTS AND LANDING FIELDS AND FOR THE STATE'S AIRWAYS; INCREASING THE TAX ON AVIATION FUEL BY 2 CENTS A GALLON FOR LOANS AND GRANTS; PROVIDING THE TAX IS REDUCED BY 1 CENT A GALLON WHEN DEPOSITS INTO THE SPECIAL AERONAUTICAL LOAN ACCOUNT REACH $1 MILLION; PROVIDING FOR REFUNDS AND CREDITS UNDER CERTAIN CONDITIONS FOR AVIATION FUEL TAXES PAID; CREATING ACCOUNTS IN WHICH TO DEPOSIT THE PROCEEDS OF THE AVIATION FUEL TAX; AMENDING SECTIONS 15-70-201, 15-70-204, 15-70-205, 15-70-221, 15-70-225, 15-70-231, 67-1-301, AND 67-1-303, MCA; AND PROVIDING EFFECTIVE DATES AND A CONTINGENT TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-201, MCA, is amended to read:

"15-70-201. Definitions. As used in this part, unless the context requires otherwise, the following definitions

apply:

(1) "Agricultural use" means use of gasoline by a person whose major endeavor and primary source of earned income is from the business of farming or ranching.

(2) "Aviation dealer" means any person in this state engaged in the business of selling aviation ~~gasoline~~ fuel, either from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as ~~herein~~ provided for in this section.

(3) "Aviation ~~gasoline~~ fuel" means gasoline or any other liquid fuel by ~~whatsoever~~ whatever name such the liquid fuel may be known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all such gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its military forces in aircraft.

(4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline delivered

THERE ARE NO CHANGES IN THIS BILL AND WILL NOT BE REPRINTED. PLEASE REFER TO YELLOW COPY FOR COMPLETE TEXT.

THIRD READING

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 645 (third reading copy -- blue), respectfully report that House Bill No. 645 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 12, line 15.
Following: "passenger"
Insert: "or cargo"

2. Page 12, line 16.
Following: "121"
Insert: ","
Following: "or"
Insert: "a scheduled passenger air carrier certified under 14 CFR, part"

3. Page 14, line 13.
Following: "passenger"
Insert: "or cargo"

4. Page 14, line 14.
Following: "121"
Insert: ","
Following: "or"
Insert: "a scheduled passenger air carrier certified under 14 CFR, part"

-END-

SENATE

HB 645

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Sec. of Senate

Weeding
Senator Carrying Bill

741601SC.Sma

HOUSE BILL NO. 645

INTRODUCED BY SCHYE, GILBERT, BRANDEWIE, KELLER

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF AERONAUTICS TO PROVIDE LOANS TO LOCAL GOVERNMENTS AND STATE AGENCIES FOR AERONAUTICAL PURPOSES; ALLOWING GRANTS TO BE MADE TO MUNICIPALITIES FOR AIRPORT DEVELOPMENT AND IMPROVEMENT PROGRAMS; PROVIDING NAVIGATIONAL AIDS, SAFETY IMPROVEMENTS, WEATHER REPORTING SERVICES, AND OTHER AERONAUTICAL SERVICES FOR AIRPORTS AND LANDING FIELDS AND FOR THE STATE'S AIRWAYS; INCREASING THE TAX ON AVIATION FUEL BY 2 CENTS A GALLON FOR LOANS AND GRANTS; PROVIDING THE TAX IS REDUCED BY 1 CENT A GALLON WHEN DEPOSITS INTO THE SPECIAL AERONAUTICAL LOAN ACCOUNT REACH $1 MILLION; PROVIDING FOR REFUNDS AND CREDITS UNDER CERTAIN CONDITIONS FOR AVIATION FUEL TAXES PAID; CREATING ACCOUNTS IN WHICH TO DEPOSIT THE PROCEEDS OF THE AVIATION FUEL TAX; AMENDING SECTIONS 15-70-201, 15-70-204, 15-70-205, 15-70-221, 15-70-225, 15-70-231, 67-1-301, AND 67-1-303, MCA; AND PROVIDING EFFECTIVE DATES AND A CONTINGENT TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-201, MCA, is amended to read:

"**15-70-201. Definitions.** As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Agricultural use" means use of gasoline by a person whose major endeavor and primary source of earned income is from the business of farming or ranching.

(2) "Aviation dealer" means any person in this state engaged in the business of selling aviation ~~gasoline~~ fuel, either from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as ~~herein~~ provided ~~for~~ in this section.

(3) "Aviation ~~gasoline~~ fuel" means gasoline or any other liquid fuel by ~~whatsoever~~ whatever name ~~such~~ the liquid fuel may be known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all ~~such~~ gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its military forces in aircraft.

(4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline delivered into the supply tank of a motor vehicle.

(5) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks ~~thereat or~~, gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks, ~~thereat~~ or gasoline imported into this state and placed in storage at refineries or pipeline terminals ~~shall be deemed~~ is considered to be

"distributed", for the purpose of this part, at the time the gasoline is withdrawn from ~~such~~ the tanks, refinery, or terminal storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery or pipeline terminal in this state. When withdrawn from ~~such~~ the tanks, refinery, or terminal, ~~such~~ the gasoline may be distributed only by a person who is the holder of a valid distributor's license.

(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline terminals, ~~shall be deemed~~ is considered to be "distributed" after it has arrived in and is brought to rest in this state.

(6) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

(c) any person who engages in the wholesale distribution of gasoline in this state and chooses to become licensed to assume the Montana state gasoline tax liability;

(d) any exporter as defined in subsection (8);

(e) any dealer licensed as of January 1, 1969, except a dealer at an established airport;

(f) any person in Montana who blends alcohol with gasoline.

(7) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal within Montana.

(8) "Exporter" means any person who transports, other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal in Montana to a destination outside Montana for sale, use, or consumption beyond the boundaries of this state.

(9) "Gasoline" includes all products commonly or commercially known or sold as gasolines, including casinghead gasoline, natural gasoline, aviation ~~gasoline~~ fuel, and all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. Gasoline does not include special fuels as defined in 15-70-301.

(10) "Import" includes and means to receive into any person's possession or custody first after its arrival and coming to rest at destination within the state of any gasoline shipped or transported into this state from a point of origin ~~without~~ outside of this state other than in the fuel supply tank of a motor vehicle.

(11) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this state in whole or in part by the combustion of gasoline.

(12) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

(13) "Use" includes and means the operation of motor vehicles upon the public roads or highways of the state or of any political subdivision ~~thereof~~ of the state."

Section 2. Section 15-70-204, MCA, is amended to read:

"**15-70-204. Gasoline license tax -- rate.** (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 3 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended,~~ and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 3. Section 15-70-204, MCA, is amended to read:

"**15-70-204. Gasoline license tax -- rate.** (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 2 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended,~~ and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 4. Section 15-70-205, MCA, is amended to read:

"**15-70-205. Distributor's statement and payment -- confidentiality.** (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed statement, ~~duly signed,~~ to the department of transportation of all gasoline distributed and received by ~~him~~ the distributor in this state during the preceding calendar month and containing any other information the department

may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for evaporation and other loss of gasoline distributed by the distributor; however, ~~no~~ an allowance may not be deducted from the ~~1--cent~~ 3-cent tax on aviation ~~gasoline~~ fuel.

(2) A distributor engaged in or carrying on ~~his~~ a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. ~~Nothing in--this~~ This section may not be construed to prohibit:

(a) the delivery to a distributor or ~~his~~ the distributor's authorized representative of a certified copy of any return or report filed in connection with ~~his~~ the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of

a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or ~~his~~ the officer's representative only if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 5. Section 15-70-205, MCA, is amended to read:

"**15-70-205. Distributor's statement and payment -- confidentiality.** (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed

statement~~,-duly-signed,~~ to the department of transportation of all gasoline distributed and received by ~~him~~ the distributor in this state during the preceding calendar month and containing any other information the department may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for evaporation and other loss of gasoline distributed by the distributor; however, ~~no~~ an allowance may not be deducted from the ~~1--cent~~ 2-cent tax on aviation ~~gasoline~~ fuel.

(2) A distributor engaged in or carrying on ~~his~~ a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. ~~Nothing-in--this~~ This section may not be construed to prohibit:

(a) the delivery to a distributor or ~~his~~ the distributor's authorized representative of a certified copy

of any return or report filed in connection with ~~his~~ the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or ~~his~~ the officer's representative only if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 6. Section 15-70-221, MCA, is amended to read:

"**15-70-221. Refund or credit authorized.** (1) Any person who ~~shall--purchase~~ purchases and ~~use~~ uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline ~~so used. Such~~ The refund ~~or drawback should in no instance~~ may not exceed the tax paid or to be paid to the state. ~~and no~~ Except as provided in subsection (5) or (6), a refund ~~shall be~~ is not allowed ~~of that portion of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall--be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received no consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of ~~such~~ other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger OR CARGO air carrier certified under 14 CFR, part 121, or A SCHEDULED PASSENGER AIR CARRIER CERTIFIED UNDER 14 CFR, PART 135, may claim a refund of 2 cents on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 2 cents a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 7. Section 15-70-221, MCA, is amended to read:

"**15-70-221. Refund or credit authorized.** (1) Any person who ~~shall--purchase~~ purchases and ~~use~~ uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline ~~so used. Such~~ The refund ~~or drawback should in no instance~~ may not exceed the tax paid or to be paid to the state. ~~and no~~ Except as provided in subsection (5) or (6), a refund ~~shall be~~ is not allowed ~~of that portion--of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall--be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received no consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of ~~such~~ other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger OR CARGO air carrier certified under 14 CFR, part 121, or A SCHEDULED PASSENGER AIR CARRIER CERTIFIED UNDER 14 CFR, PART 135, may claim a refund of 1 cent on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 1 cent a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 8. Section 15-70-225, MCA, is amended to read:

"15-70-225. Application for refund or credit -- filing -- correction by department. (1) The application for refund ~~shall--be~~ is a signed statement, on a form furnished by the department of transportation. Except for a claim for a credit of taxes paid on unpaid accounts, the form must be accompanied by the original bulk delivery invoice or invoices issued to the claimant at the time of each purchase and delivery, showing the total amount of gasoline purchased or aviation fuel purchased by a certified scheduled passenger air carrier, the total amount of gasoline or aviation fuel on which a refund is claimed, and the amount of the tax claimed for refund.

(2) A claim for a credit for taxes paid on accounts for which the distributor ~~received---no~~ did not receive compensation must be accompanied by documents or copies of documents showing that the accounts were worthless and claimed as bad debts on the distributor's federal income tax return. Any further information pertaining to a claim ~~shall~~ must be furnished as required by the department.

~~(2)~~(3) A bulk delivery invoice issued by a dealer for a sale that does not qualify as a bulk delivery under 15-70-201 is not valid for refund purposes.

~~(3)~~(4) All applications for refunds ~~shall~~ must be filed with the department within 14 months after the date on which

the gasoline or aviation fuel was purchased as shown by invoices or after the date on which the tax was erroneously paid. A distributor may file a claim for refund of taxes erroneously paid or for a credit for taxes paid by ~~him~~ the distributor on unpaid accounts within 3 years after the date of payment.

~~(4)~~(5) ~~Should~~ If the department ~~find~~ finds that the statement contains errors ~~which~~ that are not fraudulently inserted, it may correct the statement and approve it as corrected or the department may require the claimant to file an amended statement."

Section 9. Section 15-70-231, MCA, is amended to read:

"15-70-231. Unlawful use of aviation ~~gasoline~~ fuel. It ~~shall be~~ is unlawful for any person to use aviation ~~gasoline~~ fuel or to sell ~~such gasoline~~ aviation fuel for use in any motorized vehicle operated upon the public highways or streets of this state. Violation of this section ~~shall be~~ is a misdemeanor subject to the penalties provided in 15-70-232."

Section 10. Section 67-1-301, MCA, is amended to read:

"67-1-301. Money -- receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry

out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such--moneys--shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There--shall~~ The following amounts must be deposited ~~in-the-state-special-revenue-fund-to-the-credit-of the--department~~ from the proceeds of ~~1---cent~~ the 3-cent-per-gallon ~~per-gallon-out-of-the-amount-per-gallon-of gasoline-license~~ tax imposed on aviation fuel by ~~the-laws-of this-state-upon-purchases-of-gasoline used-for-the-operation of-aircraft~~ 15-70-204(1):

(i) ~~Moneys~~ in the state special revenue fund to the credit of the department, an amount equal to the proceeds of

1 cent a gallon collected under 15-70-204(1) ~~so--deposited shall--be--spent--by--the-department~~ for the sole purpose of carrying out its functions pertaining to aeronautics~~.~~;

(ii) in the aeronautical loan account created in [section 11] to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for loans to local governments and state agencies; and

(iii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways.

(b) Money deposited in the account created in [section 11] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this subsection (b) must be deposited in the account created in [section 11].

(c) Money deposited in the separate account established

in subsection (4)(a)(iii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 11.** **Special aeronautical loan account.** There is a special aeronautical loan account in the state special revenue fund. Money deposited in the account may be used only for providing loans specified in 67-1-301(4)(b).

Section 12. Section 67-1-301, MCA, is amended to read:

"**67-1-301. Money -- receipt and disbursement.** (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such moneys shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There shall~~ The following amounts must be deposited ~~in the state special revenue fund to the credit of the department~~ from the proceeds of ~~1 cent~~ the 2-cent-per-gallon ~~per gallon out of the amount per gallon of gasoline license tax~~ imposed on aviation fuel by ~~the laws of this state upon purchases of gasoline used for the operation of aircraft,~~ 15-70-204(1):

(i) ~~Moneys~~ in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon collected under 15-70-204(1) ~~so deposited shall be spent by the department~~ for the sole purpose of

carrying out its functions pertaining to aeronautics; and

(ii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for grants to municipalities and for other aeronautical purposes as provided in subsection (4)(b).

(b) Money deposited in the separate account established in subsection (4)(a)(ii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 13.** **Special aeronautical loan account.** There is a special aeronautical loan account in the state special revenue fund. Principal and interest payments deposited in the account may be used only for providing loans specified in [section 14].

NEW SECTION. **Section 14.** **Aeronautical loans.** Money

deposited in the account created in [section 13] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this section must be deposited in the account created in [section 13].

Section 15. Section 67-1-303, MCA, is amended to read:

"**67-1-303. Airline property tax -- state airports.** (1) Within 30 days of receipt, the county treasurer shall transmit to the state treasury 90% of the property tax collected on property of airline companies by reason of a state airport being located in the county.

(2) The state treasurer shall place the money in the state special revenue fund to the credit of the department of transportation for the purposes provided for in 67-1-301(4)(a)(i)."

NEW SECTION. **Section 16.** **Codification instruction.** [Sections 11, 13, and 14] are intended to be codified as an integral part of Title 67, chapter 1, part 3, and the provisions of Title 67, chapter 1, part 3, apply to [sections 11, 13, and 14].

NEW SECTION. **Section 17.** **Effective dates -- contingent termination.** (1) [Sections 1, 2, 4, 6, 8 through 11, 15, 16,

and this section] are effective July 1, 1993.

(2) [Sections 3, 5, 7, and 12 through 14] are effective on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less refunds, reaches $1 million.

(3) [Sections 2, 4, 6, 10, and 11] terminate on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less refunds, reaches $1 million.

-End-

Conference Committee
on House Bill 645
Report No.1, April 20, 1993

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 645 met and considered :

1. Senate Taxation Committee amendments of April 2, 1993

and recommend that House Bill 645 (reference copy -- salmon) be amended as follows:

1. Adopt the Senate Taxation Committee amendments of April 2, 1993

Further, that this Conference Committee report be adopted.

For the House:	For the Senate:
Rep. T. Nelson, Chair	Sen. Weeding, Chair
Rep. Grimes	Sen. Eck
Rep. Schye	Sen. Gage

ADOPT

REJECT

C.C.R.#1
HB 645
871134CC.Hpf

Conference Committee
on House Bill 645
Report No.1, April 21, 1993

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 645 met and considered :

1. Senate Taxation Committee Amendments of April 2, 1993

and recommend that House Bill 645 (reference copy -- salmon) be amended as follows:

1. Reject the Senate Taxation Committee amendments of April 2, 1993

Further, that this Conference Committee report be adopted.

For the House:	For the Senate:
Rep. T. Nelson, Chair	Sen. Weeding, Chair
Rep. Grimes	Sen. Eck
Rep. Schye	Sen. Gage

CORRECTED
SECOND PRINTING

C.C.R. #1
HB 645
881432CC.Hpf

ADOPT

REJECT

HOUSE BILL NO. 645

INTRODUCED BY SCHYE, GILBERT, BRANDEWIE, KELLER

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF AERONAUTICS TO PROVIDE LOANS TO LOCAL GOVERNMENTS AND STATE AGENCIES FOR AERONAUTICAL PURPOSES; ALLOWING GRANTS TO BE MADE TO MUNICIPALITIES FOR AIRPORT DEVELOPMENT AND IMPROVEMENT PROGRAMS; PROVIDING NAVIGATIONAL AIDS, SAFETY IMPROVEMENTS, WEATHER REPORTING SERVICES, AND OTHER AERONAUTICAL SERVICES FOR AIRPORTS AND LANDING FIELDS AND FOR THE STATE'S AIRWAYS; INCREASING THE TAX ON AVIATION FUEL BY 2 CENTS A GALLON FOR LOANS AND GRANTS; PROVIDING THE TAX IS REDUCED BY 1 CENT A GALLON WHEN DEPOSITS INTO THE SPECIAL AERONAUTICAL LOAN ACCOUNT REACH $1 MILLION; PROVIDING FOR REFUNDS AND CREDITS UNDER CERTAIN CONDITIONS FOR AVIATION FUEL TAXES PAID; CREATING ACCOUNTS IN WHICH TO DEPOSIT THE PROCEEDS OF THE AVIATION FUEL TAX; AMENDING SECTIONS 15-70-201, 15-70-204, 15-70-205, 15-70-221, 15-70-225, 15-70-231, 67-1-301, AND 67-1-303, MCA; AND PROVIDING EFFECTIVE DATES AND A CONTINGENT TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-201, MCA, is amended to read:

"**15-70-201. Definitions.** As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Agricultural use" means use of gasoline by a person whose major endeavor and primary source of earned income is from the business of farming or ranching.

(2) "Aviation dealer" means any person in this state engaged in the business of selling aviation ~~gasoline~~ fuel, either from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as ~~herein~~ provided ~~for~~ in this section.

(3) "Aviation ~~gasoline~~ fuel" means gasoline or any other liquid fuel by ~~whatsoever~~ whatever name ~~such~~ the liquid fuel may be known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all ~~such~~ gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its military forces in aircraft.

(4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline delivered into the supply tank of a motor vehicle.

(5) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks ~~thereat or~~, gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks, thereat or gasoline imported into this state and placed in storage at refineries or pipeline terminals ~~shall be deemed~~ is considered to be

REFERENCE BILL: Includes Conference Committee report Dated 4-21-93

"distributed", for the purpose of this part, at the time the gasoline is withdrawn from ~~such~~ the tanks, refinery, or terminal storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery or pipeline terminal in this state. When withdrawn from ~~such~~ the tanks, refinery, or terminal, ~~such~~ the gasoline may be distributed only by a person who is the holder of a valid distributor's license.

(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline terminals, ~~shall be deemed~~ is considered to be "distributed" after it has arrived in and is brought to rest in this state.

(6) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

(c) any person who engages in the wholesale distribution of gasoline in this state and chooses to become licensed to assume the Montana state gasoline tax liability;

(d) any exporter as defined in subsection (8);

(e) any dealer licensed as of January 1, 1969, except a dealer at an established airport;

(f) any person in Montana who blends alcohol with gasoline.

(7) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal within Montana.

(8) "Exporter" means any person who transports, other than in the fuel supply tank of a motor vehicle, gasoline received from a refinery or pipeline terminal in Montana to a destination outside Montana for sale, use, or consumption beyond the boundaries of this state.

(9) "Gasoline" includes all products commonly or commercially known or sold as gasolines, including casinghead gasoline, natural gasoline, aviation ~~gasoline~~ fuel, and all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. Gasoline does not include special fuels as defined in 15-70-301.

(10) "Import" includes and means to receive into any person's possession or custody first after its arrival and coming to rest at destination within the state of any gasoline shipped or transported into this state from a point of origin ~~without~~ outside of this state other than in the fuel supply tank of a motor vehicle.

(11) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this state in whole or in part by the combustion of gasoline.

(12) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

(13) "Use" includes and means the operation of motor vehicles upon the public roads or highways of the state or of any political subdivision ~~thereof~~ of the state."

Section 2. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax -- rate. (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 3 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended~~, and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 3. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax -- rate. (1) Every distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~1-cent~~ 2 cents for each gallon of aviation ~~gasoline~~ fuel, which ~~shall be~~ is allocated to the department of transportation as provided by 67-1-301, ~~as amended~~, and 20 cents for each gallon of all other gasoline distributed by ~~him~~ the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported ~~shall~~ may not be included in the measure of the distributor's license tax.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 4. Section 15-70-205, MCA, is amended to read:

"15-70-205. Distributor's statement and payment -- confidentiality. (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed statement, ~~duly signed~~, to the department of transportation of all gasoline distributed and received by ~~him~~ the distributor in this state during the preceding calendar month and containing any other information the department

may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for evaporation and other loss of gasoline distributed by the distributor; however, no an allowance may not be deducted from the ~~1--cent~~ 3-cent tax on aviation ~~gasoline~~ fuel.

(2) A distributor engaged in or carrying on ~~his~~ a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. ~~Nothing in this~~ This section may not be construed to prohibit:

(a) the delivery to a distributor or ~~his~~ the distributor's authorized representative of a certified copy of any return or report filed in connection with ~~his~~ the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of

a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or ~~his~~ the officer's representative only if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 5. Section 15-70-205, MCA, is amended to read:

"15-70-205. Distributor's statement and payment -- confidentiality. (1) Each distributor shall, not later than the 25th day of each calendar month, render a true signed

Section 6. Section 15-70-221, MCA, is amended to read:

"15-70-221. Refund or credit authorized. (1) Any person who ~~shall--purchase~~ purchases and ~~use~~ uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline ~~so used~~. Such The refund ~~or drawback should in no instance~~ may not exceed the tax paid or to be paid to the state. ~~and no~~ Except as provided in subsection (5) or (6), a refund ~~shall be~~ is not allowed ~~of that portion of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall--be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received no consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of such other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger ~~OR--CARGO~~ air carrier certified under 14 CFR, part 121, or ~~A SCHEDULED PASSENGER AIR CARRIER CERTIFIED UNDER 14 CFR, PART~~ 135, may claim a refund of 2 cents on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 2 cents a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 7. Section 15-70-221, MCA, is amended to read:

"15-70-221. Refund or credit authorized. (1) Any person who ~~shall--purchase~~ purchases and ~~use~~ uses any gasoline on which the Montana gasoline license tax has been paid for denaturing alcohol to be used in gasohol or operating or propelling stationary gasoline engines, tractors used off the public highways and streets, or for any commercial use other than propelling vehicles upon any of the public highways or streets of this state ~~shall be~~ is allowed a refund of the amount of tax paid directly or indirectly on the gasoline ~~so used. Such~~ The refund ~~or drawback should in no instance~~ may not exceed the tax paid or to be paid to the state. ~~and no~~ Except as provided in subsection (5) or (6), a refund ~~shall be~~ is not allowed ~~of that portion of~~ for the tax per gallon upon aviation ~~gasoline~~ fuel allocated to the department of transportation by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously ~~shall--be~~ is allowed a credit or refund of the amount of tax so paid.

(3) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline for which the distributor has not received no consideration from or on behalf of the purchaser. The distributor shall have declared the accounts of the purchaser worthless and claimed those accounts as bad debts for federal income tax purposes.

(b) If a credit has been granted under this subsection (3), any amount collected on the accounts that were declared worthless must be reported to the department and the tax due on the collected amount must be paid to the department.

(c) The department may require a distributor to submit periodic reports listing accounts that are delinquent for 90 days or more.

(4) Any person who purchases and exports for sale, use, or consumption outside Montana any gasoline on which the Montana gasoline tax has been paid is entitled to a credit or refund of the amount of tax so paid upon completion of the information reports required under 15-70-209 and presentation to the department of such other proof of delivery outside Montana as it may by rule require.

(5) A scheduled passenger ~~OR CARGO~~ air carrier certified under 14 CFR, part 121, or ~~A SCHEDULED PASSENGER AIR CARRIER CERTIFIED UNDER 14 CFR, PART~~ 135, may claim a refund of 1 cent on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline license tax has been paid.

(6) A Montana refinery or distributor who sells JP-4 or JP-8 jet fuel to the federal defense fuel supply center is entitled to a credit or refund of 1 cent a gallon for each gallon that is sold to the supply center and on which the gasoline license tax has been paid."

Section 8. Section 15-70-225, MCA, is amended to read:

"15-70-225. Application for refund or credit -- filing -- correction by department. (1) The application for refund ~~shall be~~ is a signed statement, on a form furnished by the department of transportation. Except for a claim for a credit of taxes paid on unpaid accounts, the form must be accompanied by the original bulk delivery invoice or invoices issued to the claimant at the time of each purchase and delivery, showing the total amount of gasoline purchased or aviation fuel purchased by a certified scheduled passenger air carrier, the total amount of gasoline or aviation fuel on which a refund is claimed, and the amount of the tax claimed for refund.

(2) A claim for a credit for taxes paid on accounts for which the distributor ~~received---no~~ did not receive compensation must be accompanied by documents or copies of documents showing that the accounts were worthless and claimed as bad debts on the distributor's federal income tax return. Any further information pertaining to a claim ~~shall~~ must be furnished as required by the department.

~~(2)~~(3) A bulk delivery invoice issued by a dealer for a sale that does not qualify as a bulk delivery under 15-70-201 is not valid for refund purposes.

~~(3)~~(4) All applications for refunds ~~shall~~ must be filed with the department within 14 months after the date on which

the gasoline or aviation fuel was purchased as shown by invoices or after the date on which the tax was erroneously paid. A distributor may file a claim for refund of taxes erroneously paid or for a credit for taxes paid by ~~him~~ the distributor on unpaid accounts within 3 years after the date of payment.

~~(4)~~(5) ~~Should~~ If the department ~~find~~ finds that the statement contains errors ~~which~~ that are not fraudulently inserted, it may correct the statement and approve it as corrected or the department may require the claimant to file an amended statement."

Section 9. Section 15-70-231, MCA, is amended to read:

"15-70-231. Unlawful use of aviation ~~gasoline~~ fuel. It ~~shall be~~ is unlawful for any person to use aviation ~~gasoline~~ fuel or to sell ~~such gasoline~~ aviation fuel for use in any motorized vehicle operated upon the public highways or streets of this state. Violation of this section ~~shall be~~ is a misdemeanor subject to the penalties provided in 15-70-232."

Section 10. Section 67-1-301, MCA, is amended to read:

"67-1-301. Money -- receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry

out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such--moneys--shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There--shall~~ The following amounts must be deposited ~~in-the-state-special-revenue-fund-to-the-credit-of the--department~~ from the proceeds of ~~1---cent~~ the 3-cent-per-gallon ~~per-gallon-out-of-the-amount-per-gallon-of gasoline-license~~ tax imposed on aviation fuel by ~~the-laws-of this-state-upon-purchases-of-gasoline used-for-the-operation of-aircraft~~ 15-70-204(1):

(i) ~~Moneys~~ in the state special revenue fund to the credit of the department, an amount equal to the proceeds of

1 cent a gallon collected under 15-70-204(1) ~~so--deposited shall--be--spent--by--the-department~~ for the sole purpose of carrying out its functions pertaining to aeronautics~~.~~;

(ii) in the aeronautical loan account created in [section 11] to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for loans to local governments and state agencies; and

(iii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways.

(b) Money deposited in the account created in [section 11] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this subsection (b) must be deposited in the account created in [section 11].

(c) Money deposited in the separate account established

in subsection (4)(a)(iii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 11.** Special aeronautical loan account. There is a special aeronautical loan account in the state special revenue fund. Money deposited in the account may be used only for providing loans specified in 67-1-301(4)(b).

Section 12. Section 67-1-301, MCA, is amended to read:

"67-1-301. Money -- receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, ~~shall~~ must be paid out of the following ~~revenues~~ revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all ~~moneys~~ money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All ~~such moneys shall~~ money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) ~~There shall~~ The following amounts must be deposited ~~in the state special revenue fund to the credit of the department~~ from the proceeds of ~~1 cent~~ the 2-cent-per-gallon ~~per-gallon out of the amount per gallon of gasoline license~~ tax imposed on aviation fuel by ~~the laws of this state upon purchases of gasoline used for the operation of aircraft~~ 15-70-204(1):

(i) ~~Moneys~~ in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon collected under 15-70-204(1) ~~so deposited shall be spent by the department~~ for the sole purpose of

carrying out its functions pertaining to aeronautics~~;~~ and

(ii) in a separate account in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for grants to municipalities and for other aeronautical purposes as provided in subsection (4)(b).

(b) Money deposited in the separate account established in subsection (4)(a)(ii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) ~~No part of the 1 cent per gallon of~~ Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on ~~gasoline~~ aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded."

NEW SECTION. **Section 13.** Special aeronautical loan account. There is a special aeronautical loan account in the state special revenue fund. Principal and interest payments deposited in the account may be used only for providing loans specified in [section 14].

NEW SECTION. **Section 14.** Aeronautical loans. Money

deposited in the account created in [section 13] may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this section must be deposited in the account created in [section 13].

Section 15. Section 67-1-303, MCA, is amended to read:

"**67-1-303. Airline property tax -- state airports.** (1) Within 30 days of receipt, the county treasurer shall transmit to the state treasury 90% of the property tax collected on property of airline companies by reason of a state airport being located in the county.

(2) The state treasurer shall place the money in the state special revenue fund to the credit of the department of transportation for the purposes provided for in 67-1-301(4)(a)(i)."

NEW SECTION. **Section 16.** Codification instruction. [Sections 11, 13, and 14] are intended to be codified as an integral part of Title 67, chapter 1, part 3, and the provisions of Title 67, chapter 1, part 3, apply to [sections 11, 13, and 14].

NEW SECTION. **Section 17.** Effective dates -- contingent termination. (1) [Sections 1, 2, 4, 6, 8 through 11, 15, 16,

and this section] are effective July 1, 1993.

(2) [Sections 3, 5, 7, and 12 through 14] are effective on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less refunds, reaches $1 million.

(3) [Sections 2, 4, 6, 10, and 11] terminate on the first day of the month 60 days after the balance in the aeronautical loan account, after deposits and less refunds, reaches $1 million.

-End-

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT**, on March 11, 1993, at 8:15 A.M.

ROLL CALL

Members Present:

Rep. Bob Gilbert, Chairman (R)
Rep. Mike Foster, Vice Chairman (R)
Rep. Dan Harrington, Minority Vice Chairman (D)
Rep. Shiell Anderson (R)
Rep. John Bohlinger (R)
Rep. Ed Dolezal (D)
Rep. Jerry Driscoll (D)
Rep. Jim Elliott (D)
Rep. Gary Feland (R)
Rep. Marian Hanson (R)
Rep. Hal Harper (D)
Rep. Chase Hibbard (R)
Rep. Vern Keller (R)
Rep. Ed McCaffree (D)
Rep. Bea McCarthy (D)
Rep. Tom Nelson (R)
Rep. Scott Orr (R)
Rep. Bob Raney (D)
Rep. Bob Ream (D)
Rep. Rolph Tunby (R)

Members Excused: Rep. McCarthy

Members Absent: None

Staff Present: Lee Heiman, Legislative Council
Jill Rohyans, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing:	HB 645, SB 322, SB 325
Executive Action:	SB 322 Be Concurred In
	SB 325 Be Concurred In

HEARING ON HOUSE BILL 645

Opening Statement by Sponsor:

REP. TED SCHYE, HD 18, Glasgow, said HB 645 increases the aviation gas tax by two cents a gallon. One cent will be used for grants for airport navigational equipment and weather reporting services and one cent for loans which includes matching money for federal aviation dollars. The state aeronautics division is funded solely by the already existing one cent tax. This is a self-imposed tax on general aviation to make airports safer and better across the state.

Proponents' Testimony:

Mike Ferguson, Administrator, Department of Administration, Aeronautics Division, expressed support for the bill. Small airports in the state have been restricted by I-105 and are having problems raising their 10% matching funds for the aviation user trust fund monies. There are 114 airports in Montana and 43 of those are not eligible for the trust fund monies due to lack of match funds. This bill is not tied directly to the match money, so airports can apply for grants for other purposes. He said there has been a tremendous increase in night utilization of airports because of UPS, Federal Express, and Air Ambulance services. Airports are in need of important navigational aids and safety equipment that the aviation gas increase could help fund.

Joel Fenger, Chairman, Montana Aeronautics Board, Chester, presented his testimony in support of the bill **EXHIBIT 1.**

Bill Sheets, Big Sandy Flying Service, President, Montana Aerial Applicators, said there are 94 registered aerial applicators in Montana who regularly use 80% of Montana's 114 airports in support of agriculture. The bill is essential to the continued safe and efficient operation of those airports and all the aviation interests in the state. He urged the Committee to pass the bill.

Marilyn Lewis, President, Aviation Organizations of Montana, said she represents eight aviation organizations across the state. She called the Committee's attention to a fact sheet that was distributed to their desks prior to the meeting. She stressed the importance of the small county airports having access to the loan money for federal matching dollars.

Lyle Wood, Immediate Past President, Montana Pilots Association, Butte, said the organization conducted a survey of the 3000 pilots in Montana in 1991. Of the 1700 pilots responding, 86% were in favor of the two cent increase, and 82% of the 86% were strongly in favor of the additional tax **EXHIBIT 2.**

Jeff Morrison, Morrison Flying Service, Helena, said he supports the bill, but is concerned as to whether the proposed sales tax will impose an additional tax on aviation fuels. He would prefer to see this tax imposed rather than the sales tax, but hoped provision could be made that would exclude this tax if the sales tax passed. He said if airlines are excluded from paying the tax, then the air carrier airports should not be able to use the loan money. He said the money should be used by the smaller airports who cannot afford the navigational aids and safety equipment they need.

Carl Schweitzer, Montana Contractors Association, said the tax increase will provide extra jobs and improve airport infrastructure. There are $250 million in federal funds available for airport improvement and Montana airports need the matching funds in order to apply for those monies.

Bailey Egan, Montana Pilots Association, said he is a rancher 60 miles from Forsyth. He makes extensive use of several of the small rural airports in eastern Montana. They need the maintenance money represented by the tax increase. He expressed support for the bill.

Brent McDonald, private pilot, farmer and rancher, said he ranches 30 miles from Great Falls and flies agricultural machine parts all over the state. He uses the very small rural airports and is in full support of the added tax.

Roger White, private pilot, said he also farms out of Great Falls. He said small airport maintenance is very important and he expressed support for the increase.

Loren Smith, Montana Pilots Association, Great Falls, said MPA formed a fuel tax committee and consulted with the airlines and the refinery in Great Falls. The refinery had a legitimate concern with outside competition which is addressed in the bill. There are only five or six large airports in the state. When the bill was written, it specifically excluded any money being used for the airport bureaucracy. One cent of the two cent tax sunsets when the balance in the loan account reaches $1 million. The Aeronautics Board decides who gets the loans and grants. The money needs to go to the small rural airports in the state who have no other funding sources such as the large airports do from car rental agencies and boarding taxes.

Willie Day, Montana Pilots Association, Glendive Hanger, expressed his support for the bill.

Dave Gates, Past President, Montana Pilots Association, Great Falls Airport Board Member, concurred with the previous testimony. He said the Aeronautics Division is charged with the responsibility of aerial search and rescue. Many pilots volunteer to help with the program, but monies are needed to support that program also.

Jim Lewis, Montana Flying Farmers and Ranchers, said the small rural airports are vital to the agricultural economy. They use them to ferry parts and even for some livestock.

John Lowry, pilot from Billings, spoke in support of the bill.

Opponents' Testimony:

John Ek, Air Transport Association, said his organization strongly opposes the bill. He said he is aware of the rebate language but it does not cover all the members of his organization such as cargo carriers. The nation's airline industry has lost $10 billion over the last three years. Each penny that is spent on airline fuel equals $160 million nationwide. Several states are looking at tax increases which will equate to hundreds of millions of dollars added to an already crushing budget problem for the airline industry. At this point, increased costs mean decreased services. He said he understands the increased tax will help general aviation, but felt general aviation should pay its own way just as the airlines must.

Alan Hobbs, Marketing Manager, Montana Refining Company, stated opposition to the bill. He said they do not oppose the intent of the bill. Montana's aviation taxes should ensure the safety of the skies in Montana. He submitted **EXHIBITS 3 and 3a** regarding air fuel taxes in other states. He said the tax on military jet fuel should be exempt in the bill. No other states tax fuel sold to the military. During calendar year 1992, 37.3 million gallons of taxable aviation fuel was sold in Montana. Montana Refining supplied 13.4 million gallons of military jet fuel to military supply centers in the state. Montana Refining paid 36% of the total aviation fuel taxes. He said private pilots should be taxed fairly; however, sales of jet fuel to the military should be completely exempted. There is keen competition from surrounding states for the military fuel contracts and even the one cent tax can make the difference in a successful bid.

Questions From Committee Members and Responses:

REP. HARPER asked **REP. SCHYE** about the military fuel exemption.

REP. SCHYE replied said the military fuel exemption has been looked at before. This bill does not address the one cent military fuel tax that is already in place and has been collected since 1945. He said he felt the airlines should remain in the bill.

REP. McCAFFREE asked if loans to local governments and grants to municipalities are separate entities or if loans and grants are open to all local government entities including municipalities.

REP. SCHYE said it is the intent to have all the local government entities and municipalities covered by inclusive language. He said he would investigate that and provide clarifying language if it is needed.

REP. HIBBARD asked **Mr. Morrison** to clarify the exclusion of air carrier airports.

Mr. Morrison said he was referring specifically to 121 carriers which are the large carriers. Big Sky is not a 121 carrier. The 121 carriers are exempt from the fuel tax. **Mr. Morrison** explained he felt the airports that serve the 121 carriers should not be eligible for tax funds generated by the tax if they are not being collected from the carriers that use the airport.

REP. SCHYE said he has the same concern. He said the Board of Aeronautics will set the priorities and grant the funds based on need. He said there should be no problem because the small airports have the needs and no money to meet them. The larger airports have the means to raise the money for their own needs.

REP. DOLEZAL asked what a one cent increase would mean in Montana if one cent equates to $160 million nationwide.

Mr. Ek said he did not have the figures for Montana specifically, but would get that information for the Committee.

REP. BOHLINGER asked why the tax is being increased by only two cents. He wondered if three or four cents might be better.

REP. SCHYE said a larger increase has been killed in the Senate four times previously. The larger airlines strongly object to a larger increase as it could shorten or eliminate lines into the state. He said he was attempting to get as realistic a figure as possible; one that would provide the necessary funding without bringing on the full objection of the air industry.

Closing by Sponsor:

REP. SCHYE said the fiscal note has not been signed only because he did not have time to get to it. He has no objection to any of the figures in the fiscal note. He said there are 2586 aircraft in Montana valued at a $1 billion, not including the air carriers, which represent a lot of investment, commitment, and economic impact across the state. He said the air carrier problem is addressed in the bill and he said he understood the fuel taxes will remain at the current level in the sales tax bill. The air health services are utilizing the small rural airports more and more due to the continued decline of rural health services. This is a user fee, the people that are using the airports are paying the fee. Big Sky, Horizon, and Sky West have said they have no problem with the bill. He said the air

carriers are exempt in the bill and get their money back. He said this bill is needed and has the support of most everyone who uses the airports and services they provide. He urged the Committee to adopt the bill.

HEARING ON SENATE BILL 322

Opening Statement by Sponsor:

SEN. LARRY TVEIT, SD 11, Fairview, said SB 322 was introduced at the request of the Department of Transportation. There is presently no mechanism to determine who is entitled to a refund on diesel and gasoline fuel for agricultural purposes. The bill addresses the technical corrections needed to clarify the procedures. He said the Department of Transportation would further explain the bill.

Proponents' Testimony:

Bill Salisbury, Administrator, Administration Division, Department of Transportation, explained the bill in his attached written testimony **EXHIBIT 4.**

Opponents' Testimony: None

Questions From Committee Members and Responses:

REP. HIBBARD asked if people are abusing the agricultural fuel refund to such an extent that this bill is needed.

Mr. Salisbury replied agricultural fuel refunds amount to $3.4 million a year. All state refund procedures are being revised and improved. He said he feels there is abuse occurring in this particular area.

REP. FELAND asked if he would be eligible for the refund if he owned 21 acres of agricultural land and put in a bulk tank.

Mr. Salisbury said it would not be necessary to own agricultural land. Anyone can claim the refund if they use the fuel off road and can provide the proper dispersal records.

REP. FOSTER said he is concerned about the dispersal of confidential information if income tax records are used to verify the eligibility.

Bob Turner, Department of Revenue, said DOR would give the Department of Revenue the ratio information only. No other information would be released. The Department of Transportation is under the same confidentiality strictures as is DOR. They also have a place on the application form for taxpayers to sign in order for the Transportation Department to access the information.

Closing by Sponsor:

SEN. TVEIT assured the Committee that the confidentiality issue has been carefully addressed in the bill. There is a great deal of money at stake in this refund process and the bill simply tightens and clarifies the procedures. He urged the Committee to pass the bill.

EXECUTIVE ACTION ON SENATE BILL 322

Motion/Vote: **REP. TUNBY MOVED SB 322 BE CONCURRED IN.** Motion carried unanimously.

HEARING ON SENATE BILL 325

Opening Statement by Sponsor:

SEN. TOM BECK, SD 24, Deer Lodge, was in another hearing. **REP. FOSTER** introduced the bill and said it clarifies the administration of the beneficial use tax.

Proponents' Testimony:

Paul Van Tricht, Attorney, Department of Revenue, presented his written testimony in support of the bill **EXHIBIT 5.**

Opponents' Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor: **SEN. BECK** closed.

EXECUTIVE ACTION ON SENATE BILL 325

Motion/Vote: REP. FOSTER MOVED SB 325 BE CONCURRED IN. Motion carried unanimously.

ADJOURNMENT

Adjournment: The meeting adjourned at 10:55 a.m.

BOB GILBERT, CHAIRMAN

JILL ROHYANS, Secretary

BG/jdr

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 3/11/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON	✓		
REP. ANDERSON	✓		
REP. BOHLINGER	✓		
REP. DOLEZAL	✓		
REP. DRISCOLL	✓		
REP. ELLIOTT	✓		
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓		
REP. KELLER	✓		
REP. McCAFFREE	✓		
REP. McCARTHY			✓
REP. NELSON	✓		
REP. ORR	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. TUNBY	✓		

HOUSE STANDING COMMITTEE REPORT

March 11, 1993

Mr. Speaker: We, the committee on Taxation report that Senate Bill 322 (third reading copy -- blue) be concurred in .

Signed: Bob Gilbert
Bob Gilbert, Chair

Carried by: Rep. Hayne

Committee Vote:
Yes 4, No 0.

551057SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 11, 1993

Mr. Speaker: We, the committee on Taxation report that Senate Bill 325 (third reading copy -- blue) be concurred in .

Signed: Bob Gilbert
Bob Gilbert, Chair

Carried by: Rep. Foster

Committee Vote:
Yes 7, No 0.

551058SC.Hss

EXHIBIT 1
DATE 3/11/93
HB 645

Mr. Chairman and Members of the Committee

For the record my name is Joel Fenger, Chester Montana. I am Chairman of the Montana Aeronautics Board and own and operate a commercial fixed base operation on the Chester Airport. I speak today in support of HB645 representing the Montana Aeronautics Board and as an aviation business owner and operator.

HB645 will increase by two cents per gallon the aviation fuel user fee with rebate provisions for passenger carrying airlines and those supplying fuel to Malmstrom Air Force Base.

One cent of this increase or approximately $84,000 will be used for loans and grants to local and state governments for airport improvements and the other one cent for navigational aids, safety enhancements and other aeronautical services, upon approval by the Montana Aeronautics Board.

Due to property tax mill levies frozen at the 1986 level by Initiative-105, communities are increasingly unable to properly maintain their airports let alone accumulate surpluses needed to pay its 10% local matching share required by the Federal Aviation Administration prior to receiving monies from the Aviation Users Trust Fund.

Of the 114 airports included in Montana's State Aviation System Plan, 43 airports are not included in the Federal Aviation Administration's National Plan of Integrated Airport Systems and therefore are not eligible for any federal funding. Consequently, most airports included in this category are completely isolated from obtaining financial assistance to make capitol improvements, must less meet general maintenance demands.

Many of these general aviation airports are realizing an increase of nighttime utilization by Federal Express, United Parcel Service, those carrying mail and emergency air ambulance providers. Due to the increase many airports are in need of improvements and/or safety enhancements.

The current one cent per gallon aviation fuel user fee was established in Montana in 1945. At that time aviation fuel sold for 26¢ per gallon and represented 3.8% of the cost of fuel. Today aviation fuel sells for $2.20 per gallon of 4/10ths of one percent at the current 1¢ per gallon rate.

On behalf of the Montana Aeronautics Board I urge you to support HB645 to enhance the wealth of the aviation infrastructure in Montana.

H.B. 645
EXHIBIT 2
DATE 3/11/93
HB 645

MONTANA PILOTS ASSOCIATION
INCORPORATED

P. O. Box 4311 Helena, MT 59601

Dear Montana Pilot:

We need your help. Please take a minute or two to let us know your opinion on the important items contained in this questionnaire. This form will make its own reply envelope, complete with stamp, if you fold it as indicated and staple or tape it together.

Thank you.

Montana Pilots Association
Board of Directors

2. The Aeronautics Division has been supported since 1949 by a 1¢/gallon aviation fuel tax. An airport construction bonding program which provided loans for small airport construction in prior years has now been "sunsetted". The money received as payments on these loans has been used to supplement the Aeronautics Division budget. These loans will be repaid in the near future; hence, this supplemental income will "dry up".

   Aviation Organizations of Montana (AOM) has proposed a 2¢/gallon increase in aviation fuel tax. This proposal will raise the fuel tax to a total of 3¢/gallon. Of this amount, 2¢ will go to administration of the Aeronautics Division. The other 1¢ will be put into a reserve fund providing loans to small airports for construction which will allow them to obtain the 90% Federal matching funds available.

   How do you feel about this additional 2¢/gallon fuel tax?

   Brilliant Idea (1) (2) (3) (4) (5) (6) (7) (8) Dumb Idea

OVER 3000 POLLED
1700 RESPONDENTS
86% IN FAVOR
82% (6)

EXHIBIT 3
DATE 3/11/93
HB 645

COMMMERCIAL JET-A PRICE COMPARISON
CONTRACT PRICES IN CENTS PER GALLON

Price includes all earned discounts but does not include tax

Date	Great Falls	Denver	Spokane	Salt Lake	Minneapolis
1/13/92	62.90	59.71	64.81	67.45	58.42
3/16/92	63.90	61.31	66.15	64.23	59.27
4/20/92	63.90	63.08	67.81	67.11	60.63
5/25/92	66.90	67.83	72.65	71.73	63.95
6/15/92	70.40	69.50	73.81	72.73	66.24
7/27/92	72.40	71.83	75.48	74.80	67.65
8/31/92	72.40	72.08	74.15	72.98	67.60
9/28/92	69.45	73.83	77.23	76.27	70.42
10/26/92	73.25	75.16	77.23	76.27	70.42
11/30/92	65.91	71.50	74.76	74.46	66.42
12/28/92	65.91	69.08	73.76	72.46	63.52
1/25/92	62.81	68.91	73.43	70.90	62.87

EXHIBIT 3-A
DATE 3/11/93
HB 645

AVIATION FUEL TAXES

COMPARISON BY STATE

COLORADO — Aviation Fuel Tax Dept. 303-534-1865

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	4¢ pr gallon
Federal Government:	Exempt from tax

UTAH — Aviation Fuel Tax Auditing 801-538-3000

Aviation Gasoline:	4¢ per gallon
Commercial Jet A:	4¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

WASHINGTON — Department of Licensing
Fuel Tax Section 206-753-3256

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	6¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

IDAHO — Department of Revenue 208-334-7660

Aviation Gasoline:	5.5¢ per gallon
Commercial Jet A:	4.5¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

WYOMING — Department of Revenue 307-777-7961

Aviation Gasoline:	5¢ per gallon
Commercial Jet A:	5¢ per gallon
Federal Government:	Exempt from tax

NORTH DAKOTA — Department of Revenue 701-224-3126

Aviation Gasoline:	8¢ per gallon
Commercial Jet A:	8¢ per gallon
Federal Government:	Exempt from tax

EXHIBIT: 3-A
DATE 3-11-93
HB-645

SOUTH DAKOTA — Department of Fuel Taxes 605-773-3311

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	4¢ per gallon
Federal Government:	Exempt from tax

MINNESOTA — Department of Revenue 612-296-0889

Aviation Gasoline:	5¢ per gallon
Commercial Jet A:	5¢ per gallon
Bulk Military Sales	Exempt from tax

Minnesota offers a volume discount to large purchasers:
First 50,000 gallons at 5¢
Next 100,000 gallons at 2¢
Next 50,000 gallons at 1¢
All additional gallons at 1/2¢

ILLINOIS — Department of Revenue 217-782-3336

Aviation Gasoline:	19¢ per gallon
Commercial Jet A:	19¢ per gallon
Federal Government:	Exempt from tax

Airports in cities over one million people with more than 300,000 transactions are exempt.

GEORGIA — Motor Fuel Tax Department 404-651-5106

Aviation Gasoline:	7 1/2¢ per gallon
Commercial Jet A:	7 1/2¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

EXHIBIT 4
DATE 3/11/93
SB 322

Date: March 11, 1993

Senate Bill 322

SUBMITTED BY: WILLIAM SALISBURY, ADMINISTRATOR
ADMINISTRATION DIVISION
MONTANA DEPARTMENT OF TRANSPORTATION

"AN ACT ALLOWING THE DEPARTMENT OF TRANSPORTATION ACCESS TO INDIVIDUAL INCOME TAX RECORDS UNDER CERTAIN CONDITIONS".

Allows the Montana Department of Transportation the ability to verify percentage of agricultural earned income for gas refund claimants. Effective upon passage and approval.

The Montana Department of Transportation appears before this committee to offer our support for Senate Bill 322.

This allows the Department of Revenue to verify the percentage of agricultural earned income for gas refund claimants upon the request of the Montana Department of Transportation.

Under the current statute 15-70-223, MCA, anyone purchasing gasoline in bulk and whose major endeavor and primary source of earned income is from the business of farming and ranching can file a refund claim for 60% of the tax paid on gasoline purchased. Yet, the Montana Department of Transportation has no way of verifying the income of applicants.

Prior to July 1, 1991, the Department of Revenue performed the motor fuel tax collection and refund process. They had the statutory authority to access these records. This enabling legislation for the Department of Transportation did not include this audit authority.

By allowing access to income tax information, the Montana Department of Transportation could verify whether or not the applicant is entitled to a refund under Option 1 of gasoline refund program.

The Montana Department of Transportation urges this committee to give this proposal a do-pass recommendation.

EXHIBIT 5
DATE 3/11/93
SB 325

DEPARTMENT OF REVENUE TESTIMONY ON SENATE BILL NO. 325

Before the House Taxation Committee
March 11, 1993

This bill amends Section 15-24-1204, MCA, to clarify the administration of the beneficial use tax. Under the beneficial use tax and decisions of the Montana Supreme Court, Montana taxes the separate private use of tax exempt property. The nature and extent of the assessment of this private use is dependent of the nature of the use. For example, the Montana Supreme Court approved the department's assessment of the Colstrip Owners based on their contractual right to use the BPA power lines. This bill simply conforms the language of the law to the interpretations of the law by the Montana Supreme Court.

This bill will not change the current assessment methods of the beneficial use by the department of revenue. It will not change the method of assessing the Colstrip Owners for their beneficial use of BPA 500 kV power lines. It will not change the amount of taxes that the counties, local schools and other units of government receive from this tax.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

HOUSE TAXATION COMMITTEE BILL NO. HB 645 SB 322 SB 325

DATE 3/11/93 SPONSOR(S) SCHYE, TVEIT, BECK

PLEASE PRINT **PLEASE PRINT** **PLEASE PRINT**

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Paul W. Thurmond	Montana Pilots Assn.	645	
Will Mann	Mont Pilots assn. com. pilot	645	
Brent MacDonald	MPA Private Pilot	645	
ROGER WHITE	MPA COMMERCIAL PILOT	645	
Mike Ferguson	MT DOT Aeronautics Div	X 645	
John Ek	Air Transport Association		645
DENISE FENGER	Frontier Aviation	645	
RACHELLE FENGER	~~FORGOT~~ SELF	645	
Bill Salisbury	MDT	SB322	
Willie Day	Private Pilot	645	
PAUL VAN TRICHT	Dept of Rev	SB338	
Carl Schweitzer	MT Ct Ass	✓	
JOHN T. LOWRY	MT PILOTS ASSN	645	
JOHN W. COLBURN	MT PILOTS ASSN	645	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

HB 645-SCHYE
SB 372 TVEIT
SB 325 BECK

HOUSE TAXATION COMMITTEE BILL NO.

DATE 3/11/93 SPONSOR(S)

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
W. J. Smith.	2351 Little Basin Creek Butte Mt. 59701	645	
Jim Lewis	Mt. Flying Farmers	645	
Marilyn Lewis	Aviation Organizations of MT	645	
Peggy Boes	MT Flying Farmers	645	
Lisle Wood	Montana Pilots Assn	645	
Bailey J Egan	Mont Pilots Assn.	645	
Dave Gates	Aviation Organizations of MT	645	
Joel Fenger	MT. Aeronautics Board Chairman	645	
John Semple	Assoc of MT Aerial Applic	645	
Bill Sheets	AMAA	645	
Loren Smith	Mont. Pilot Assoc.	645	
Philip Brod, Jr	Mont Pilot Assoc	645	
Alan Hobbs	Montana Refining Co		645
Burton D Kinyon	Mont. Pilots	645	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

MINUTES

MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Mike Halligan, on April 2, 1993, at 8:00 a.m.

ROLL CALL

Members Present:
Sen. Mike Halligan, Chair (D)
Sen. Dorothy Eck, Vice Chair (D)
Sen. Bob Brown (R)
Sen. Steve Doherty (D)
Sen. Delwyn Gage (R)
Sen. Lorents Grosfield (R)
Sen. John Harp (R)
Sen. Spook Stang (D)
Sen. Tom Towe (D)
Sen. Fred Van Valkenburg (D)

Members Excused: Sen. Bill Yellowtail (D)

Members Absent: None.

Staff Present: Jeff Martin, Legislative Council
Bonnie Stark, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: HB 495, HB 505, HB 588, HB 645
Executive Action: HB 167, HB 181, HB 193, HB 196, HB 303, HB 330, HB 350, HB 382, HB 402, HB 413, HB 436, HB 495, HB 505, HB 516, HB 519, HB 539, HB 555, HB 559, HB 588, HB 593, HB 645

HEARING ON HB 495

Opening Statement by Sponsor:

Rep. Jim Elliott, House District #51, presented HB 495, which is a bill to extend to restaurants who have a beer and wine license the ability to apply for an off-premises catering license from the Department of Revenue (DOR). This will bring these people in line with bars who currently have that license, and provides that only those establishments who are engaged primarily in the business of providing meals with table service may be able to apply for this endorsement.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Gage asked Rep. Elliott why HB 495 requires a $35 fee to accompany the notice to the local law enforcement agency that has jurisdiction over the premises where the catered event is to be held. Rep. Elliott explained the $35 fee is a fee that the tavern owners pay when they send their notice in to the DOR, and the fee is remitted to the local law enforcement agency. This language was put in by the House Committee to comport with the current law.

Senator Towe asked for explanation on the $200 fee. Rep. Elliott said he introduced this bill primarily to allow fine food establishments to bring beer and wine to the events they are catering. Inasmuch as the primary purpose of their getting the catering endorsement was not to make money on the wine, but to provide a service to the customer, he felt a rate of $25 was appropriate. This amount was amended up to $175 in Committee, and amended up to $200 on the House floor.

Senator Towe asked about the provision that the licensee who holds a catering endorsement may not cater an event in which the licensee is the sponsor. Rep. Elliott said this language is copied from present law, and means that a licensee cannot hold an event, for instance, at the fairgrounds, for his own benefit, and cater it himself. Gary Blewett, DOR, explained this provision for prohibiting the licensee from sponsoring their own event is to prohibit a licensee from expanding the number of premises they might have on their own. There needs to be an sponsor, independent of the licensee, for this catering license.

In response to further questions by Senator Towe, Mr. Blewett replied there is no limit to the number of events a licensee can cater in a year's time.

Senator Gage asked if the $200 fee is the same as an all-beverage catering event; Mr. Blewett indicated this is correct.

Closing by Sponsor:

Rep. Elliott offered no further remarks in closing.

HEARING ON HB 505

Opening Statement by Sponsor:

Rep. Vicki Cocchiarella, House District 59, presented HB 505, calling it a bill to allow an individual income tax deduction for employment-related expenses paid for child care at a licensed day-care home operated by the child's parent. Rep. Cocchiarella said this bill creates good economic development because there are situations in the state where if adequate child care is not provided, people cannot go to work. HB 505 will provide a child-care tax deduction for day-care providers who care for their own children under the age of six as part of their registered roster in a day-care situation.

Proponents' Testimony:

Exhibit No. 1 to these minutes is written testimony from Karolin Jappe Stanger in support of HB 505.

Debbie Charlick, of Child Care Providers, appeared in support of HB 505. She said this bill is long overdue. When she has figured her income taxes each year, she has not even made minimum wage. HB 505 will be an encouragement to herself and others who have needed this tax break on child care.

Janet Bush, Director of Child Care Resources in Missoula, spoke in support of HB 505. Ms. Bush said there is a phenomenal need for day care in Montana communities to allow parents to work; yet, there is a 59% annual turn-over rate of day-care providers. This is devastating to the development of children in their care, and parents lose work time in trying to find quality day-care. This is not only challenging to parents, but it has an impact on employers. Although the tax deduction in HB 505 would probably not affect a lot of people because of the income restrictions, it will be significant to the people it will affect. HB 505 recognizes day-care providers as people who work, and allows the providers to aspire to professional standards.

Carrie R. Leu, associated with Child Care Connections in Bozeman, spoke in support of HB 505 as not only representing day-care providers, but as a former child-care provider in her home. When a person cares for children in their home, their own children under the age of six are included in the total number of children they are registered to care for with the Department of Family Services. Their income is reduced because they can't take in other children. Ms. Leu also said that a child-care provider who is a single parent with children under school age, who feels she ought to stay home with her child during the child's formative years, will be allowed an opportunity to claim her own children as a tax deduction, and in essence, increase her income.

Kate Cholewa, Montana Women's Lobby, urged the Committee to support HB 505.

Virginia Knight, employed by Family Resources in Helena, echoed the comments expressed by both Janet Bush and Carrie Leu regarding their community's child-care, stating Helena is in a similar situation. Ms. Knight called HB 505 an important bill that will offer assistance to lower-income family day-care providers. Family Resources estimates that the average family provider earns $7500 annually, before taxes, working a 55-hour week; this averages to $2.73 per hour. She is probably caring for at least four or five children in an 11-hour day. Ms. Knight sees HB 505 as an opportunity for family providers to remain at home and offer a stable base for young children who need quality child care. She urged Committee support of HB 505.

Marjorie Boshaw, Child Care Resource & Referral Coordinator at Child Care Resources in Missoula, spoke in support of HB 505 as a representative of Missoula's Child Care Association. Ms. Boshaw said the job of being a child-care provider is very demanding, and it is important that they be viewed as professionals and be valued for the superior job all of them do.

Rep. Cocchiarella distributed Exhibit No. 2 to these minutes which explains the eligibility requirements and amount of allowable deductions.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Towe asked the bill's sponsor to explain how the tax credit is given. Rep. Cocchiarella said this would apply only to a taxpayer who itemizes deductions on their income tax, and applies only to a registered licensed child-care provider who is caring for her own children under the age of six in her day-care facility. Under present law, a child-care provider could send her child to another day-care facility and deduct that expense from her income tax, but cannot receive the deduction for the care she gives her own child in her licensed facility.

Senator Towe said he sees a problem in the case of a day-care provider who does not charge the same amount for each child in her care. Mick Robinson, Director of the DOR, said the dollar amount of the deemed expenditure that a day-care provider would use to compute the deduction is based on the amount equal to what she is receiving for the care given to other children. The DOR would accept the amount provided by the taxpayer, unless they have information to the contrary; there will not be a new form designed in order to apply this tax deduction.

Senator Van Valkenburg asked if HB 671, which will be heard in this Committee soon, will do away with itemized deductions, and SB 235 will do away with itemized deductions. Mr. Robinson said this is correct. Rep. Cocchiarella said that if either HB 671 or SB 235 becomes law, HB 505 will be moot; however, if either bill doesn't become law, this bill will be in place, if passed.

Senator Eck asked if itemized deductions will be allowed under Schedule "C". Mr. Robinson replied that this will have no impact on "C" at all, that those expenses would have to be out-of-pocket expenses they deduct in terms of their day-care business. These are not out-of-pocket expenses; they are deemed expenses.

Senator Gage said HB 505 refers to a "child of the same age", and asked the sponsor about a day-care provider who does not have a child the same age as the other children being cared for. Rep. Cocchiarella explained a same-age child means in the same age category as defined by law, which is children under the age of six.

Senator Towe asked how a day-care provider would fill out the forms regarding the requirement of "the same number of hours of care" provided to the provider's child as provided to another child in her care. Janet Bush said law prohibits registered day-care for 24-hours a day. Her understanding is that if a provider is providing care for other children six hours per day, she can count six hours per day as the time provided for her own child's day care.

Closing by Sponsor:

Rep. Cocchiarella said this issue is state-wide. The fiscal impact is minimal, and the deduction is a small step towards equity for people in a small business who are not able to receive a deduction other working people are able to receive. She urged the Committee to pass HB 505.

HEARING ON HB 588

Opening Statement by Sponsor:

Rep. Rolph Tunby, House District 24, presented HB 588, which is a bill allowing supervisors of a conservation district to levy, with voter approval, an annual special administrative assessment to cover costs and expenses of the District. The annual levy authorized by this bill may not exceed the difference between the amount raised by the annual mill levy authorized by law, and $20,000.

Proponents' Testimony:

Mike Volesky, representing the Montana Association of Conservation Districts, spoke in support of HB 588, and presented Exhibit No. 3 to these minutes. The figures shown in the pages on this exhibit are 1991 figures. Mr. Volesky said grant funding to local conservation districts comes from a line item in the Department of Natural Resources and Conservation's (DNRC) budget. That total is approximately $100,000 to dole out to 59 conservation districts; the average grant is around $2400 per year. This is, basically, the only reliable source of funding to conservation districts at present. Mr. Volesky said the conservation districts who will use this levy up to $20,000 will be the smaller districts; the larger districts, like Lewis & Clark, Yellowstone, and Gallatin, all generate more than $20,000 through their mill levies.

Steve Schmitz, an employee of the Conservation Districts Bureau of DNRC, said he works day to day with conservation districts, giving guidance and direction in their operations. He appeared in support of HB 588, primarily from a work-load perspective. Mr. Schmitz said he can assure that the volunteer supervisors of the districts certainly put in their fair share of time and effort. There are at least 45 districts that have a budget currently of less than $45,000. Mr. Schmitz said it is extremely difficult for each district to attempt to keep an office open and maintain an employee, which is the day-to-day presence in dealing with the public and the land users. The states and Federal government have mandated a number of programs to conservation districts to be carried out. Mr. Schmitz said conservation districts and their supervisors are typically quite conservative and from his perspective they are not interested in expanding government substantially, and he doesn't think they would be asking for SB 588 unless then needed it. He asked the Committee's support of this bill.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Gage said HB 588, Section 3, talks about 1 1/2 mills for maximum assessment on taxable value of real property. He asked if revenue from non-mill levies gets apportioned to that 1 1/2 mills. Mr. Schmitz said that to the best of his knowledge, they do not, but he cautions that he has not researched that issue directly. Director Robinson said he thought they did, but he would have to check on it for sure. Senator Gage then asked if those non-mill revenues would be counted against Section 1(B)

in determining the $20,000 limitation. Mr. Schmitz said the DNRC's intent of the way HB 588 would work is if they were able to increase that assessment, it would be on real property only. Senator Gage said they would get a windfall then, in the event that they were not counting the non-mill levy, and, assuming the non-mill revenue raised an additional $2,000, they could then get $22,000. Mr. Schmitz said he doesn't think that is correct; the wording places a limit of $20,000, and the County Commissioners would be instructed to establish the mill levy which could raise no more than the $20,000 total revenue.

Senator Towe, trying to make the same question clearer, said it looks to him like the amount raised by the annual mill levy would cover any non-levied revenue. The non-levied revenue is measured by the mill levy, and if that is the case, then it would be the normal levy plus whatever non-levy revenue there is, then the question would be which is higher, $20,000 or that number, and then they could go up to the $20,000 from that number. Mr. Schmitz called on MACD to address that issue. Mr. Volesky explained that the bill is designed so that if a conservation district gets $15,000 now in their mill levy, they can only generate $5,000 more dollars, up to $20,000. If their 1.5 mills takes them above the $20,000, they can use that higher number.

Senator Towe asked Mr. Volesky about the large number of mills to bring some districts up to $20,000, as shown on his chart included in Exhibit No. 3. Mr. Volesky explained some districts would require a lot of mills, and it is up to that conservation district to "sell" the amount of mills to the County Commissioners, and if the people in each district deem it important enough, they will vote it in. However, he doesn't really see that happening. In some of the districts where their current levy is low, and a large mill levy would need to be voted in, there is probably someone working part-time and others donating their time in order for the conservation district to survive.

Senator Eck asked Mr. Volesky if any of the districts have agreements whereby they share offices or share supervisors, etc. Mr. Volesky said there are some districts who combine their offices; in most cases, conservation districts share offices with SCS offices.

Closing by Sponsor:

Rep. Tunby said his county won't be affected by HB 588; their levy brings in enough revenue to have a very active conservation district that does a lot of good for their area. However, there are some districts that are working under a great handicap, and passage of this bill will help those districts.

HEARING ON HB 645

Opening Statement by Sponsor:

Rep. Ted Schye, House District 18, presented HB 645, which is a bill that will raise the current 1-cent per gallon aviation gas tax by 2-cents a gallon. The 1-cent tax has been in place since 1947. HB 645 will exclude the passenger-carrying airlines and military jet fuel. The additional two cents will be used for administration of state aeronautics, with one cent going for loans for airport construction. This money would be used to leverage Federal money in a 10%-90% match. With I-105 constraints, many of the small-town airports are unable to raise the money needed to leverage Federal monies. After the fund for the loans reaches $1 million, HB 645 directs that the aviation fuel tax would drop back to two cents. The FAA has moved out many of their flight-service stations in the state, and is in the process of moving more out. Money derived from the extra two-cent tax could be used to set up additional terminals to provide weather information, navigational facilities, non-directional beacons, and upkeep in smaller airports around the state.

Proponents' Testimony:

Ted Beck, a Montana pilot and former vice president of the Montana Pilots Association (MPA), spoke in support of HB 645. Mr. Beck said he helped write this bill, and has heard all of the pros and cons of the issue as a member of the taxation committee of the MPA. Mr. Beck presented Exhibit No. 4 to these minutes. He said the sources provided by the revenue from this taxation are properly managed and there is no waste, in his opinion. The revenue derived from this taxation will be adequate to fund the programs that are needed, but at the same time, the taxation is not excessive. Those who will be taxed use the resources provided, and feel a strong need for those services. He urges passage of SB 645 unamended.

Marilyn Lewis, President of the Aviation Organizations of Montana(AOM), spoke in support of HB 645. She presented Exhibit No. 5 to these minutes. The AOM members who use the small airports in the state feel strongly that improvements need to be made to those airports, and more weather stations should be installed. HB 645 will give them the leverage to get some Federal monies which are available.

Bob Lipscomb, President of the MPA, appeared in support of HB 645, and strongly urged the Committee to consider the bill as written. The aviation community is willing to pay their share to use airport facilities. The taxes they are willing to pay will give sorely needed funding for more weather reporting stations, and it is a safety problem without these reporting stations. Mr. Lipscomb said all surrounding states are presently paying more aviation fuel taxes than the amount proposed in HB 645. The next lowest tax collected in surrounding states is in South Dakota

where they charge 6-cents per gallon on aviation fuel, and 6-cents per gallon on jet fuel; Wyoming pays 5-cents tax across the board; North Dakota pays 8-cents tax across the board; Idaho pays 5.5 cents on aviation gas and 4.5 cents on jet.

Nora Bessler, MPA General Aviation, appeared as a proponent of the tax increase in HB 645. She called this tax a user fee, and she thinks the people of Montana are willing to support the smaller airports.

Ron Mercer, Past President of the Montana Airport Manager's Association and Chairman of the Montana Aeronautics Board, spoke in favor of HB 645, calling it a bill to help Montana aviation. The outside interests who do not want to participate in this cause him concern. Mr. Mercer said the Helena airport, after investing $700,000 in an air cargo ramp, negotiated for 12 months with UPS regarding service of their 757s, and then UPS pulled their service out of Helena without even giving the airport a phone call or written notice; they learned of it from the pilots. That is the kind of commitment UPS has to Montana aviation, and this is an opportunity to make them pay something. Mr. Mercer said UPS doesn't pay an equal share to what the airlines pay. The airlines have a long-term commitment to the air carrier airports in the state, and provide a large sum of money annually to amortize debt retirement for airport facilities. The cargo operators do not offer that. Mr. Mercer asked the Committee to carefully look at the exceptions being asked to HB 645. HB 645 will enhance safety, medical services, etc., to the state, and particularly to the hundreds of smaller airports in the state. This is a system, and Montana needs to protect that system, and HB 645 will do that.

Jeff Morrison, Morrison Flying Service, said he is an aviation fuel retailer and wholesaler, air taxi operator, and is also an air cargo operator. In the past, they have opposed a similar bill to HB 645 for many different reasons, but he comes today in support of this bill. He thinks it is a bill that will benefit their business, particularly in the small communities. Mr. Morrison said HB 645 doesn't specifically exempt the 6 or 7 major air carrier airports in the state, he thinks the legislative intent should be that they be exempted and that they not participate in this loan program, primarily because the airlines are not going to participate in the payment of the tax. The small airports would be the primary beneficiaries and the amount of money raised will do much greater good than it would on larger airports who have many other ways of raising revenues.

Marina Little, Precision Design Group, appeared to voice her support for HB 645 because there are many people who travel via air around the state who use the small airports. She said it is going to make a big difference in landing at small airports, and the upkeep of the facilities will make flying safer and will help keep the small airports open.

Frank Bass, a private pilot who has flown the skies of Montana for the past 35 years, spoke in support of HB 645. He has used every small airport in the state and sees the need for improvements that can be made with the revenue from an increased aviation fuel tax.

Jim Lewis, representing the Montana Flying Farmers and Ranchers' Association (MFFRA), said they use the airplane extensively in their business. He has friends who make 2:00 a.m. emergency "blood runs", and it is very important that they have airports they can land at all hours of the day and night. The MFFRA does support HB 645.

Bill Sheets, President of the Association of Montana Aerial Applicators (AMAA), asked the Committee's support of HB 645. Of the 114 state airports, approximately 80% are regularly used by aerial applicators to support Montana's number one industry, agriculture. To insure the continued safe and efficient utilization of the airports, it is essential to all of the aviation interests in Montana that financial provisions for funding of maintenance and improvement programs be established without delay. HB 645 will provide that funding source.

Gerald Mobley, Vice President and Director of Operations for the Deaconess Air Ambulance Medical Service out of Billings, appeared to support HB 645. Mr. Mobley said they are in the business of saving people's lives. Some of the small airports in small communities in the state are extremely dangerous places to land. Some small communities can't raise the 10% funding required to get an airport that is desperately needed for that community. The medical airplanes mean a lot to communities who are losing their doctors and their hospitals, and if the medical airplanes can't land at the small airports, they cannot help these people.

Mike Ferguson, Administrator of the Aeronautics Division, Department of Transportation (DOT), appeared in support of HB 645, and presented an Airport Director and Aeronautical Chart to each of the Committee members. His Division provides a lot of services for the aviation community, and he agrees with everything said in this hearing regarding the conditions of the small airports in the state. Many small communities can't raise the necessary 10% match for the 90% Federal money that's available. The Aeronautics Division was forced to shut down the old-loan program because of lack of funding. It was a successful program in leveraging that money; a community could borrow the money at a low interest over a 10-year period and pay it back with a local mill levy. HB 645 will re-instate that program, and provide another program for grants for the communities and services. With the exception of Texas, Montana is the lowest state in the nation for aviation taxes. It is hard for the state to do business on one-cent per gallon tax. HB 645 will alleviate some of the expenditure responsibilities the Aeronautics Division has been trying to provide.

Roger White, a member of the Montana Pilot's Association, uses the smaller airports in the state all of the time. He would like to see HB 645 pass because it would help the agriculture businesses in the state. He said he agrees with all statements by the other proponents to the bill.

Loren Smith, Chairman of the fuel tax committee of the Montana Pilot's Association, said he supports HB 645. He said support of this bill came out of a survey of all pilots in the state, not just their MPA members. They received a very high response to the survey, and close to 87% said they would pay an additional tax. The 9-member Aeronautics Board will make decisions on where the funding will go from the revenue derived from the aviation fuel tax. He asked the Committee to pass HB 645 without amendments.

Opponents' Testimony:

Alan Hobbs, representing Montana Refining Company (MRC), a small refinery in Great Falls, said they oppose HB 645 because of the way it is worded. They definitely think a 2-cent increase is reasonable and fair, and a bargain. He distributed Exhibit No. 6 and Exhibit No. 7 to these minutes. The present one-cent aviation fuel tax is paid by everyone in the state using this fuel. In 1992, MRC paid $150,000, or 36%, of the total aviation fuel sales tax in the state; this year, they are paying a little over $10,000 per month, so far, and this is their quiet time. MRC feels the tax should be applied equally to all private and commercial users. Montana should be like the other states--tax fairly, but exempt the sales to the Federal government through the fuel supply center. MRC competes for jet fuel sales in airline businesses. The major airlines have their own equipment and tanks in the larger cities; they don't have to pay a fixed base operator a fee, and they buy as little fuel in Montana as they have to buy. Mr. Hobbs agreed the state needs safer skies, and improvements need to be made to airports, but with the airlines and the major users paying taxes similar to every other state.

John Ek, representing the Air Transport Association (ATA) as Director of State Government Affairs for the Western Region, spoke in opposition to HB 645. Exhibit No. 8 was distributed showing proposed amendments to HB 645 allowing ATA cargo members, Federal Express and UPS, to be eligible for a rebate on a portion of the fuels they buy. The portion they are looking at is the rebate on the larger planes that fly into Billings and Great Falls. UPS and Federal Express are willing to pay the tax on their smaller general aviation airplanes that fly into the small airports around the state.

Shawn Yadon, Regional Manager of Government Affairs for Federal Express Corporation, spoke in opposition to HB 645. He said Federal Express uses an air network in the state to provide over-night air express services to citizens of the state. They

operate one Boeing 727-200 aircraft in and out of Great Falls six days per week. At the present time, they also operate an additional 727 three days per week in and out of Great Falls. From Great Falls, they utilize seven smaller aircraft to distribute the air express packages across Montana. In its present form, HB 645 provides a full rebate program to scheduled passenger air carriers, allowing the carriers to recoup the 2-cents per gallon aviation fuel tax increase. Scheduled air cargo carriers are not included in the rebate program. Federal Express does not feel their air cargo carriers should be included in the fuel tax funding for small airports in the state when they do not use these smaller general airports. They provide funding for the Great Falls airport through payment of landing and other associated fees, and as Great Falls has a cash surplus, he doesn't think they will be one of the airports applying for funding through HB 645. He hopes the Committee will consider the amendment which will give the same rebate capability to the air cargo carriers as is given to the passenger carriers. This amendment would not allow their smaller aircraft to claim the rebate from the fuel tax increase. Therefore, their smaller aircraft flying into the smaller airports would be subject to the tax increase providing revenue to the loan fund. Federal Express spends approximately $1.2 million a year on jet fuel in Great Falls for their large aircraft, at an average cost of $.694 per gallon. Their average price for jet fuel in Memphis, Tennessee, is $.67 per gallon. If their aircraft are not allowed to participate in the rebate program, jet fuel in Great Falls will be 9.4% more expensive than in the city where these flights originate. This type of disparity would force their fuels department to re-think fuel purchase decisions as they relate to Great Falls.

Bill Knox, representing United Parcel Service (UPS), appeared in opposition to HB 645 in its present form. UPS picks up and delivers 63,000 packages per day throughout the state of Montana, through the efforts of 850 employees working out of 15 facilities throughout the state. UPS feels HB 645 in its present form presents a threat to their competitive position in Montana. Selectively taxing only the air cargo carriers who provide regular service to all points in Montana, and exempting the passenger airlines, creates an unlevel playing field, according to Mr. Knox. In addition to passengers, the exempted passenger airlines also carry freight, and compete head-to-head with companies such as UPS and others. HB 645 will place upward pressure on rates for UPS and it could result in a loss of volume. At UPS, generally speaking, 70 packages equals one job, gained or lost. UPS is not opposed to paying fuel taxes that are administered equally and used to improve the existing infrastructure. Through the proposed amendment, UPS only seeks equal treatment for its regularly-scheduled cargo aircraft that flies into the Billings airport. They are already paying landing fees and other fees to support that operation. Mr. Knox urged support of the amendments to HB 645.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Harp asked Mr. Hobbs about his complaint that the air passenger carriers are not included in this bill. Mr. Hobbs said they are still paying the one-cent tax on fuel to the military, and to his knowledge, Montana is the only state that imposes that kind of a tax. They have found that the passenger-supported airlines have become more and more purchasers of fuel outside the state of Montana, and minimal fuel in Montana. They feel the increased tax will even more reduce the sale of fuel in Montana. Mr. Hobbs said if fuel tax for the air passenger planes were amended into HB 645, they would support the bill.

Senator Harp asked Mr. Ek for clarification of the amendment. Mr. Ek explained that they want part 121 aircraft excluded from HB 645. The Senator asked if they would support the bill if air passenger carriers were amended into the bill and they would be treated equally then. Mr. Ek said they would not support the bill in that instance. He represents passenger carriers and cargo carriers, and all of his membership is not included in the exemption and this is why he is here to oppose the bill.

Senator Gage asked Rep. Schye if all these cargo carriers are exempted, would it leave the proponents here today paying the whole load and would they support the bill then. Rep. Schye said that is correct. The way HB 645 is written now, it excludes the military from the 2-cent increase. It leaves the one-cent status quo. Rep. Schye still thinks the airlines should be included in the bill, but the airlines aren't on a profitable business right now; the air carriers, Federal Express and UPS, are still profitable in their businesses. If the air cargo companies are taken out, it would be like exempting trucks from the highway gas tax, according to Rep. Schye. The airlines still pay terminal rates in all of the airports, which the air cargo plains do not pay. In the beginning, the smaller airports will be the ones using the revenue from the increase in the tax, but as time goes on, the bigger airports will use the money as they have in the past. As with trucks who use the highways, their tax doesn't just go to the interstate; it goes to smaller highways, too. These air cargo planes go out to the smaller airports in the state, so Rep. Schye thinks they should contribute to the tax.

Senator Gage said the indication is that the money that goes into the loan or grant accounts can only be used for loans or grants, but there are people who can get rebates. Rep. Schye said the airlines are going to have to put in for the rebates on the taxes that are paid at the refineries. Mr. Hobbs said their refinery price to the airlines includes a separate line item for tax on their invoices, and they can make application for rebate.

Senator Doherty asked Rep. Schye if they know what the fiscal impact would be of the amendments proposed by Federal Express. Rep. Schye said Federal Express estimated $1.2 million.

Senator Doherty asked Mr. Yadon if the Committee doesn't adopt the proposed amendments, would they stop buying aviation fuel in Great Falls. Mr. Yadon said that would not be a fair statement, but in talking to his fuels people in Memphis, there is no question that an increase in taxes, anywhere in the U.S., changes their equations. In response to the previous question on impact, it would be between $30,000 and $32,000 less from the revenue fund for Federal Express, if amendments are adopted, and there will be a slowing of revenue into the fund.

Senator Doherty asked what percentage of the cargo market is taken by commercial air carriers. Mr. Yadon said that is difficult to track because of the way air carriers process their freight; he knows there would be an impact, but he doesn't know how much.

Mr. Knox responded to the previous two questions, saying that, in talking to the UPS air operations division, they informed him that the capability of "tankering fuel" is a real possibility; whether they will or won't cut down on the amount of fuel they purchase in Montana is a decision to be made after an assessment is made on total costs, lift penalties, etc. It is based on what the bottom line looks like. If it is less expensive to fuel in another location and fly the route that they now fly, that is the business decision they will end up making. He said they don't have to buy fuel for the 757 that flies Denver, Billings, and Des Moines, a circle that flies daily, so they look at the cost of fuel, how that would equate out, and where the most efficient place to buy fuel would be. As far as the impact to UPS if this new fuel tax is imposed, it would be an additional $20,000 annual tax to UPS; this would be if HB 645 passes without the amendment.

Senator Towe commented that Rep. Schye indicated the reason passenger airlines were not included in HB 645 was because they were afraid the bill would not pass, and asked Rep. Schye why they do not agree to exclude the part 121 aircraft for the same reason. Rep. Schye responded that the bigger airlines are only going into the larger airports. He would just as soon put the airlines in the bill, but they are marginal in profits; Federal Express and UPS are not going through the financial problems now and they use the smaller airports much more than passengers use them. When passengers come into Billings, for instance, most of them drive back home to Glasgow; they don't fly back into Glasgow. When Federal Express or UPS bring their big planes in, they get on a little airplane and UPS flies up to Wolf Point, and Federal Express flies into the surrounding small airports. They use the smaller airports; the airlines don't use them.

Senator Towe asked at what point the refunds are given. Rep. Schye intends that when the money goes into the loan account and grant account, the refund would have already been paid.

Senator Towe asked about the automatic shut-off with the million dollar loan and if the repayment of the loan is a part of the $1 million account. Rep. Schye said the money for the million dollar account is counted from the day the first penny comes into the account. Loans made out of that amount, in the interim while it is building up, do not detract from it. The refunds will be going back into that fund, and the repayment of loans will go back into that same account, as well as all interest charged. The loan program will be on-going.

Closing by Sponsor:

Rep. Schye closed by saying the Montana Contractor's Association favored this bill at the House hearing, and he knows smaller airports are extremely important to that group. Federal Reserve Banks have airplanes for transporting checks to different areas daily. He said smaller airports are essential to air emergency services; the pilots of these emergency planes are risking their lives, as well as the lives of others, with the conditions they have to fly in and the landing strips they have to land on. More weather reporting stations are critical, as well as other improvements to many smaller airports and runways. These are the people who need good airports and they need good navigational equipment.

When talking of "tankering fuel", airlines, like everybody else, have to abide by IFR flight conditions and IFR rules; a plane can only tanker a certain amount of fuel. It costs them money to tanker fuel; if they have more fuel in that airplane, they are burning more fuel because of the weight. Rep. Schye does not see fuel tankering as a determining factor with the air cargo carriers because it costs money to haul fuel around.

In Montana, there is a billion dollars worth of general aviation aircraft. That is a lot of money put out and those people need decent airports to use. All airports are general aviation airports, unless it is a military airport. General aviation can fly into any airport, except military ones.

Rep. Schye asked for a Do Concur recommendation on HB 645.

EXECUTIVE ACTION ON HB 505

DISCUSSION:

Jeff Martin, Legislative Council Staff, said there is an incorrect statutory reference in HB 505 on Page 6, Line 5; "53-2-721" should read "52-2-721".

MOTION/VOTE:

Senator Gage moved HB 505 BE CONCURRED IN WITH A TECHNICAL CORRECTION TO 52-2-721. The motion CARRIED UNANIMOUSLY on oral vote. (741605SC.Sma) Senator Halligan will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 495

MOTION:

Senator Gage moved HB 495 BE CONCURRED IN.

DISCUSSION:

Senator Gage asked for Committee consensus on the $35 notice fee to the local law enforcement agency; he doesn't think it should be in there.

SUBSTITUTE MOTION/VOTE:

Senator Gage moved a substitute motion to strike the capital language on Lines 5 and 6, Page 2, of HB 495, and eliminate the $35 fee. The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Gage moved HB 495 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741604SC.Sma) Senator Gage will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 588

DISCUSSION:

Senator Towe asked if Jeff Martin could take a look at the language on Page 2, Lines 2 and 3, to see if that includes the non-levy revenue. If the reference to the amount raised by the annual mill levy authorized under 76-15-515 does include non-levy revenue, the Committee won't need to do anything. If it does not, then he asks that Jeff prepare an amendment to be presented on the Senate floor.

MOTION/VOTE:

Senator Eck moved HB 588 BE CONCURRED IN with the proviso on Page 2, Lines 2 and 3. The motion CARRIED UNANIMOUSLY on oral vote. (741554SC.Sma) Senator Towe will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 516

DISCUSSION:

Senator Eck asked to reconsider previous action on HB 516 and the amendment passed by this Committee. She has talked to some people who run the milk inspection and dairy extension services program and they would rather not have the bill at all if the word "not" is not taken our of Line 17, Page 3. It will make a difference of approximately $300,000 to the General Fund.

MOTION/VOTE:

Senator Eck moved to reconsider HB 516. (See minutes of April 1, 1993.) The motion CARRIED UNANIMOUSLY on oral vote.

MOTION:

Senator Eck moved to strike the amendment previously made to HB 588, on Page 3, Line 17, by striking the word, "not".

DISCUSSION:

Senator Gage spoke against the motion. He said there are check-offs on all sorts of agricultural products, and on the extractive industries. He thinks if this industry wants research done, they ought to be willing to provide the funding for it.

Senator Towe agrees with the theory of Senator Gage, but he calls attention to the fiscal note which shows $70,000 goes into that kind of an account; $300,000 goes into milk inspection and administration generally. He is not sure they should be asked to pay the $300,000 as well for the cost of government inspections and services.

Senator Eck said she was told that the difference this would make to the average person who buys milk is 50 cents a year, and pointed out that most other products are not subject to price control.

Senator Gage said he is relatively certain that the other funds are built in for the wholesaler, jobber, and retailer, and are passed on to the consumer. There are a lot of industries in the state who cannot pass their tax costs on to the consumer.

VOTE:

The motion to strike the committee amendment from HB 516 CARRIED on oral vote with Senator Gage voting "NO".

DISCUSSION:

Jeff Martin said there is an incorrect reference in HB 516 on Page 1, Line 24, "81-23-2026" should read, "81-23-2028".

MOTION/VOTE:

Senator Eck moved that HB 516 BE CONCURRED IN WITH THE TECHNICAL CORRECTION. The motion CARRIED on oral vote with Senator Gage voting "NO". (741606SC.Sma)

EXECUTIVE ACTION OF HB 350

DISCUSSION:

Exhibit No. 9 was presented which are amendments to HB 350 requested by Senator Yellowtail.

MOTION:

Senator Harp moved for approval of the amendments presented by Senator Yellowtail, and asked to segregate amendment number 2.

DISCUSSION:

Senator Harp explained why he asked to segregate amendment number 2. He said Line 23, Page 1, of the bill addresses a 10% population increase; amendment number 2 would change that to 5%. Senator Harp believes the chief sponsor of the bill, Rep. Mason, has a problem with this amendment. For a period of a couple of years, 20% of the gross proceeds up to $1.9 million can be used by local governments; after that 2-year period, July 1, 1995, it goes down to 10%. There is also language dealing with potential construction of a railroad and a new, existing, or expanding coal mine. This is the Tongue River railroad, and the amendments offered at this time would allow them to be eligible for coal impact grants. Senator Harp reminded the Committee that as this bill left the House, there is $5.5 million in funding, but only $1.9 million is being divided up now; the rest of the money is in the equation to balance the budget. There are some competing interests in this bill, said Senator Harp in explaining the amendments of Senator Yellowtail.

Jeff Martin said Page 2, (c), talks about local government units located within 50 miles of the impacted area. The amendments by Senator Yellowtail expand that to 100 miles, and the railroads aren't included within the 100 mile area. Michelle LeFurge, Montana Association of Oil and Gas Counties, said it is their understanding that the 50 miles (being amended to 100 miles) only applies to the reference in amendment number 3--that it would have to be a new or expanding line in order to be eligible. A lot of the impacts for new and expanding lines go beyond 50 miles in that part of the country.

Senator Towe asked Ms. LeFurge what she proposes; if the Committee needs to add the amendment as shown in amendment number 3. She agreed; the railroads need to have their own separate designation, according to Ms. LeFurge.

Senator Towe said he supports the motion, and calls attention to amendments numbered 6, 7, 8, and 10, which are the 20% rule that would come into effect on July 1, 1995. The funding in this biennium would not be affected, but it would affect the next biennium. If there is any development in the Roundup area, most likely this would take care of that particular situation. Senator Harp agreed.

Senator Towe asked if any of the other amendments, for instance the 100 mile amendment, would affect the fiscal note substantially. Hershel Robbins, Musselshell County, responded that it won't have any affect in this biennium.

Senator Eck said she is still confused about what is being done; it looks like the amendments will include a newly constructed railroad, but that could not be the Tongue River because it serves old mines. Ms. LeFurge said studies are currently being done to build a railroad that would service the mine in Rosebud County. That railroad is called the Tongue River Project, and would go through Powder River County, the idea being that it would allow for a more economical transport of the coal from the mine in Rosebud. Because it does go through Power River County, that county would qualify for impact primarily to service additional police forces that would be required during the construction.

Senator Eck said it seemed like the big argument against that railroad is that it would go through Montana but would primarily take coal from Wyoming. In other words, it would allow Wyoming coal to be more easily sold. Senator Towe said it would, in fact, hook up with Spring Creek and Decker, and allow that coal to be brought up, too. However, it is possible that some of the coal from Gillette would also be profitable through that route to go to Minneapolis, so there might be some Wyoming coal as well. That was one of the big arguments used against it. This Legislature is on record as opposing the railroad.

VOTE:

The motion to adopt all amendments on Exhibit No. 9, except amendment number 2, CARRIED on oral vote with Senator Doherty voting "NO". (hb035002.ajm)

DISCUSSION:

Senator Harp disagrees with Senator Yellowtail's amendment and would prefer to keep the 10% in the bill and not amend it to 5%. He asked if Rep. Mason could speak to this issue.

Rep. Gary Mason, House District #63, explained he would rather leave the designated areas at 10% population; 5% is too low a threshold and will take money from the designated areas.

Senator Towe commented in favor of the 5%. All of the language being amended was language he put into a bill in the early 1980s. The reason for the 10% at that time was because 50% of the money was going out without these limitations; now only 10% of the money goes out without these limitations. With the amendment just adopted, that would go up to 20% next biennium. He thinks that 5% in many of the rural areas is hard enough to reach to qualify; it is pretty hard to qualify with 10%. Dropping to 5% allows a few more areas to qualify for funding. He thinks this is a valid amendment, especially in taking away the discretionary 50% monies.

MOTION:

Senator Towe moved for adoption of amendment number 2 on Exhibit No. 9. (hb035002.ajm)

DISCUSSION:

Senator Harp opposed this motion. Ms. LeFurge said the counties in her association do sympathize 100% with what Senator Towe has said; however, with due respect to Rep. Mason and to Musselshell County, they do not want that particular division to jeopardize the passage of this bill. In the interest of everyone, they are willing to forego that change. The counties who will be affected by the 5% versus 10% issue are covered in the designation that would allot the 10%-20% issue. They feel that, while they are not happy with this fact, they do have access to the funds under that provision of the bill.

Senator Eck said the difference in 5% and 10% could mean a substantial amount to some towns which are so small, if one large family moved in, it would be covered.

Senator Towe withdrew his motion; amendment number 2 was not adopted.

Amendments requested by Senator Weeding were distributed, a copy of which are attached as Exhibit No. 10 to these minutes. Marvin Miller, Montana Department of Mines and Geology (MDMG), explained these amendments. Mr. Miller said over the past 15 years, he worked closely with Senator Nathe and others in the northeastern part of the state, in long-term evaluation of aquifer impacts and ground water changes relating to coal mines in Montana. The amendments being presented now would accomplish three things: (1) Recognize the important, long-term aquifer impact and ground water changes in relationship to coal mines in Montana; (2) Recognize the importance of looking at coal mines and coal-fired generators that are in adjacent provinces or states that could impact Montana; (3) Provide a mechanism to provide future funding to maintain this important aspect of ground water conditions and aquifer impacts.

Senator Gage asked Mr. Miller if he would feel any differently about the amendments if HB 608 was through the Legislature. Mr. Miller said they have gone through the water development programs to secure funding to look at monitoring and that aspect, and those programs were funded once through RIT accounts. They were discouraged from going back for more funding and it was indicated to them that RIT funds were for short-term projects and for one-time deals. They did not prepare a proposal again.

Senator Gage said that was the condition with regard to that fund at that time; Mr. Miller said it sounds like the funding may open up and that is a possibility of re-submitting the grants. However, Mr. Miller attended those committee meetings for round two and there still was no sympathy for any long-term projects.

Senator Towe asked Mr. Miller if his group has ever had a Coal Board grant, and, if so, what kind of a grant was it. Mr. Miller said they currently have a Coal Board grant to assist with the coal mines in Big Horn and Rosebud counties, and they have in the past funded those programs for aquifers. They recognize the importance of ground water in the Coal Board grants.

Senator Towe asked Hershel Robbins on what basis are aquifer and ground water impacts eligible for a grant under the Coal Board. Mr. Robbins replied that over the eight years he served on the Coal Board, the water monitoring came in under the non-designated portion, which was 50%. If he remembers correctly, grants have been approved by the Coal Board for a period of 8 years, and one was just approved in the Roundup area for $50,000 for two years. Senator Towe asked if this is for an aquifer and ground water impact. Mr. Robbins replied, "Yes".

Senator Towe suggested to Mr. Miller that aquifer and ground water impacts aren't caused by more people moving into an area needing more services.

MOTION:

Senator Harp moved HB 350 BE CONCURRED IN AS AMENDED.

DISCUSSION:

Senator Halligan turned the chair over to Senator Eck, Vice Chair. He said if these amendments are not addressed in this Committee, they will be brought to the Senate floor.

SUBSTITUTE MOTION:

Senator Halligan moved for adoption of the amendments requested by Senator Weeding, as shown on Exhibit No. 10. (hb035003.ajm)

DISCUSSION:

Senator Gage asked where, in the body of the bill, does it indicate establishing priority designation. Jeff Martin responded that under Section 90-6-207, priorities for impact grants are discussed. These are just being included in the list.

VOTE:

The substitute motion for adoption of amendments 1-11 on Exhibit No. 10 CARRIED 4-2 on Roll Call Vote (#1).(hb035003.ajm)

MOTION/VOTE:

Senator Halligan moved HB 350 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senator Harp voting "NO". (761303SC.San) Senator Weeding will carry the bill on the Senate floor.

The chair was turned back over to Chairman Halligan.

EXECUTIVE SESSION ON HB 196

DISCUSSION:

Amendments 1-13, prepared by Greg Petesch, were distributed, with a copy attached to these minutes as Exhibit No. 11. Mr. Petesch, Legislative Council, said the amendments were prepared at the request of the Department of Revenue, and will return the bill to the form as introduced, because this is the methodology the DOR wanted to use to compute the reimbursement.

MOTION/VOTE:

Senator Harp moved HB 196 BE CONCURRED IN. The motion CARRIED on oral vote with Senator Stang voting "NO". (741555SC.Sma) Senator Gage will carry the bill on the Senate floor.

EXECUTIVE SESSION ON HB 436

DISCUSSION:

Senator Towe reported his conversation with Rex Manuel about the pollution control bill. Mr. Manuel said as far as the effective date is concerned, they still insist that they want the later effective date of 1994. They are not concerned that they may be losing some tax advantages with the later effective date because they feel their equipment will be on line and they will get the advantage for the full year this year anyway with their completed air equipment; they want the time to hassle with the Department regarding dividing up how much goes to air pollution

and how much is not air pollution equipment. However, Senator Towe thinks Mr. Manuel recognized that as a not very valid argument in this case, and there are a number of people who are most anxious to have that effective date right away. For all practical purposes, it clarifies the law and as soon as the law can be clarified, the state is better off.

MOTION/VOTE:

Senator Towe moved to change the effective date on HB 436 and re-instate the language in Section 2 that was stricken, and strike "1994". The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Exhibit No. 12 to these minutes is an amendment to HB 436 presented by Rep. Tom Nelson, sponsor of the bill.

MOTION/VOTE:

Senator Towe moved to adopt the amendment on Exhibit No. 12. The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Towe moved HB 436 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (761306SC.San) Senator Towe will carry the bill on the Senator floor.

EXECUTIVE SESSION ON HB 303

DISCUSSION:

Jeff Martin explained that Senator Van Valkenburg had proposed an amendment to Page 3, Lines 6 and 7, striking "or for protecting the natural environment", which was already adopted by this Committee in a previous meeting.

MOTION/VOTE:

Senator Doherty moved HB 303 BE CONCURRED IN AS AMENDED, with a title change. The motion CARRIED UNANIMOUSLY on oral vote. (741603SC.Sma) Senator Doherty will carry the bill on the Senate floor.

EXECUTIVE SESSION ON HB 330

DISCUSSION:

Exhibit No. 13 to these minutes, amendments requested by Senator Towe, were distributed and explained by him.

MOTION/VOTE:

Senator Towe moved for adoption of the amendments as shown on Exhibit No. 13. (hb033001.ajm) The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Towe moved HB 330 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741623SC.Sma) Senator Gage will carry the bill on the Senate floor.

EXECUTIVE SESSION ON HB 382

MOTION/VOTE:

Senator Harp moved HB 382 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY on oral vote. (741547SC.Sma) Senator Koehnke will carry the bill on the Senate floor.

EXECUTIVE SESSION ON HB 402

DISCUSSION:

Senator Towe said the problem with HB 402 is that the collection may still be possible after bankruptcy. He thinks the bill should read that it would not include any property on which it may be determined that collection remains unlikely or improbable, such as property in bankruptcy or liquidation.

Senator Halligan recalled that Cort Harrington had indicated that if every effort has been made to locate the individual, by the time five years rolls around, there is no chance of collecting this personal property tax.

Upon questioning, there appeared to be no other committee member who was interested in pursuing the language Senator Towe was speaking offering, and Senator Towe said he did not wish to make an amendment to that effect.

MOTION/VOTE:

Senator Gage moved HB 402 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY on oral vote. (741551SC.Sma) Senator Eck will carry the bill on the Senate floor.

EXECUTIVE SESSION ON HB 413

DISCUSSION:

Senator Towe suggested striking language after "in" in Line 23, Page 5 of HB 413, and insert, "an account in the State Special Revenue Fund to the credit of the Department". This will negate what was done in the House and put the money back into a Special Revenue Account.

MOTION:

Senator Towe moved adoption of the above amendment to HB 413.

DISCUSSION:

Senator Harp asked if Terry Johnson, Legislative Fiscal Analyst's office, could respond to this amendment. Mr. Johnson said by moving the revenue going into the State Special Revenue Account, there will have to be an adjustment to HB 2 so that the appropriation authority is coming out of the State Special Revenue Account versus the General Fund. The net effect will have no change on the General Fund revenue.

Senator Harp asked if the Public Service Commission wants this amendment, and was told "Yes".

VOTE:

The motion to adopt the amendment to HB 413 CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Stang moved HB 413 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (761307SC.San) Senator Harp will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 519

DISCUSSION:

Senator Towe said he feels all of Section 2 of the bill is a statement of intent, and should be taken from the body of the bill and put into a statement of intent. Senator Halligan suggested it should stay in the statutory language.

Amendments requested by Rep. Beverly Barnhart had previously been distributed to this Committee, and were discussed. These amendments would increase the deduction allowed for purchase of recycled material from 5% to 10%.

MOTION/VOTE:

Senator Eck moved the amendments to HB 519 as presented by Rep. Beverly Barnhart. The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Eck moved HB 519 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741600SC.Sma) Senator Halligan will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 593

DISCUSSION:

Senator Gage said the only concern he has with HB 593 is it looks like a sneaky way of getting gambling machines into the Yellowstone Airport.

Senator Harp asked what "seasonal" means in this bill. Senator Eck responded that it is June 1st to October 1st.

Senator Stang thinks this would be a substantial expansion of the whole process at the Yellowstone Airport. He said the next time they come to the Legislature, they may decide they can keep the airport plowed out all winter, run planes year-round, and use the argument that since they have the seasonal license, they would like to have it forever. This would mean giving a license that the Legislature hasn't given to anybody else at any other airport in the state.

Senator Towe carried Senator Stang's argument further and said every other airport will be coming to the Legislature asking for a liquor license special to airports. He also said the beer and wine license requested in this bill is non-transferable and could be amended to read that it shall not include gambling.

MOTION:

Senator Eck moved HB 593 BE CONCURRED IN.

SUBSTITUTE MOTION:

Senator Stang moved to TABLE HB 593. This motion was withdrawn.

SUBSTITUTE MOTION/VOTE:

Senator Eck moved to add a "c" section that reads, "does not permit gambling activities otherwise allowed under Title 23, part 5". The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Eck moved that HB 593 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senators Stang, Harp, and Gage voting "NO". (761426SC.San) Senator Swysgood will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 555

DISCUSSION:

In response to questions by Committee members, Senator Towe explained District Court fees are split into several different accounts, some fees going to judges retirements, and some going to the Department of Family Services (DFS), and other accounts.

Senator Halligan said he is concerned about the $2 fee the Department of Family Services will be required to pay for every certification, because every case filed must have certified copies and they do not have a budget to cover this expense. However, it was pointed out by Senator Towe that the concern of Senator Halligan was taken care of by the amendment placed on this bill in the Judiciary Committee.

Senator Gage asked about the increase in fees. Senator Towe said dissolution of marriage will be $120; transferring a judgment from another court raises from $1 to $80, and a judgment filing fee is raised to $45. Senator Grosfield said this applies only to judicial determination of birthdays, not every other judgment.

MOTION/VOTE:

Senator Towe moved HB 555 BE CONCURRED IN. The motion CARRIED on oral vote with Senators Stang and Gage voting "NO". (741552SC.Sma) Senator Lynch will carry the bill on the Senate floor.

EXECUTIVE SESSION ON HB 193

DISCUSSION:

Bill Stevens, Montana Food Distributors Association (MFDA), asked if the cap would be reduced from 10 cents to 7 cents. Senator Halligan explained the Ag Committee amended HB 193 so the funds will go back to the earmarked revenue account, and the fee will be reduced from 10 cents to 7 cents.

MOTION:

Senator Towe moved HB 193 BE CONCURRED IN AS AMENDED.

DISCUSSION:

Senator Grosfield said he discussed this bill with Greg Petesch and Mr. Petesch said the penalties will go to the Special Revenue Fund. The Senator asked Mr. Petesch to prepare amendments to read that the proceeds from a civil penalty must be deposited in the General Fund. These amendments requested by Senator Grosfield were presented as Exhibit No. 14 to these minutes.

Senator Towe withdrew his motion.

MOTION/VOTE:

Senator Grosfield moved to AMEND HB 193 as shown on Exhibit No. 14. (hb019301.agp) The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Senator Gage commented about no license fee being required for the people selling their produce at Farmers' Markets. He asked if HB 193 indicates that they will pay this fee. Senator Towe said there is a question about whether the cross-exemption applies, and it was determined the specific applies over the general, but that needs clarification.

Senator Stang said he didn't think HB 449 was as much of an exemption for the Farmers' Markets as it was for the inspection by the Health Department; it dealt with the sale of raw produce. He thinks it deals more with inspections than with fees. Currently, anybody who produces their own products, whether in the state or elsewhere, can set up a roadside fruit stand and they are not required to buy a license to sell that product.

Senator Gage said he was informed Farmers' Markets were exempt from licensing, but restricted to selling raw produce; they couldn't sell canned jam, canned food, or bottled honey.

Senator Towe said this is covered under Section 12 (c) in HB 193. He said if there is still some concern, the Committee could put in a coordinating instruction that if HB 449 passes, there shall be added a new (d) to Section 10 (4), exempting produce sold at a Farmers' Markets.

Senator Stang said as far as he is concerned, Farmers' Markets are already exempt. The question he asked as the bill went through the Ag Committee was if the retail sales applies to produce that is grown in the state. One reason for this bill is to increase the exemptions so the seed potato farmer who was brokering seed potatoes, but did grow all of what he sold, would be excluded. It does apply to all produce grown in Montana.

MOTION/VOTE:

Senator Towe moved to adopt an amendment to put in a coordinating instruction that if HB 449 passes, there shall be added a (d) to Section 10 (4), that says produce sold at a Farmers' Market. The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Towe MOVED HB 193 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senator Stang and Senator Gage voting "NO". (741559SC.Sma) Senator Christiaens will carry the bill on the Senate floor.

EXECUTIVE ACTION OF HB 559

DISCUSSION:

Senators Towe and Halligan explained that instead of going to the Supreme Court, the Bar Examination fee will go to the State Bar who then reports to the Supreme Court.

MOTION/VOTE:

Senator Towe moved HB 559 BE CONCURRED IN. The motion CARRIED on oral vote with Senators Stang, Doherty and Grosfield voting "NO". (741553SC.Sma) Senator Halligan will carry the bill on the Senate floor.

EXECUTIVE ACTION OF HB 181

MOTION/VOTE:

Senator Grosfield moved to reconsider previous action on HB 181. The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Senator Grosfield submitted an amendment, Exhibit No. 15 to these minutes.

MOTION/VOTE:

Senator Grosfield moved to adopt the amendment to HB 181. The motion CARRIED UNANIMOUSLY on oral vote. (hb018101.agp)

MOTION/VOTE:

Senator Grosfield moved HB 181 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senators Gage and Stang voting "NO". (741557SC.Sma) Senator Eck will carry the bill on the Senate floor.

EXECUTIVE ACTION OF HB 167

MOTION/VOTE:

Senator Towe moved to reconsider previous action on HB 167. The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Senator Grosfield presented an amendment to HB 167, Exhibit No. 16 to these minutes.

MOTION/VOTE:

Senator Grosfield moved to adopt the amendment to HB 167. The motion CARRIED UNANIMOUSLY on oral vote. (Hb016701.agp)

MOTION/VOTE:

Senator Harp moved HB 167 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senators Gage and Stang voting "NO". (741556SC.Sma) Senator Harp will carry the bill on the Senate Floor.

EXECUTIVE ACTION ON HB 539

DISCUSSION:

Senator Towe said that HB 539 has a lien provision that he thinks should not be in the bill, and he asked to reconsider the Committee's action on 4/1/93 so the lien provision can be stricken. The language appears on Lines 12 and 13, Page 40. The Department of Transportation (DOT) is given the right to use a warrant of distraint, and "the resulting lien has precedent over any other claim, lien, or demand filed or recorded thereafter." Senator Towe recommends striking the quoted language. He thinks the DOT should not have a super lien with their warrant of distraint. It was pointed out that this language is in the statutes governing the DOR. Senator Stang suggested that if the DOT has been using this procedure for the last 20 years, it is undoubtedly working, and if someone wants to change the warrant of distraint, let them bring in a bill during the next legislative session.

Senator Towe suggested to strike the language as above-stated, and add, "and it shall have the same affect as a warrant of distraint in Title 15, Chapter 1, Part 7".

MOTION/VOTE:

Senator Towe moved to reconsider previous action on HB 539. The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Towe moved to strike language in Lines 12 and 13 on Page 40 from HB 539, which reads, "The resulting lien has precedent over any other claim, lien, or demand filed or recorded thereafter", and add the language, "and it shall have the same affect as a warrant of distraint in Title 15, Chapter 1, Part 7". The motion FAILED on oral vote with Senator Towe voting "yes".

MOTION/VOTE:

Senator Eck moved HB 539 BE CONCURRED IN. The motion CARRIED on oral vote with Senator Stang voting "NO". (731537SC.Sma) Senator Eck will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 645

MOTION/VOTE:

Senator Doherty moved to adopt the amendment requested by Senator Grosfield, as shown in Exhibit No. 8 to these minutes. (hb064501.ajm) The motion CARRIED on oral vote with Senators Stang, Towe and Eck voting "NO".

MOTION/VOTE:

Senator Stang moved HB 645 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741601SC.Sma) Senator Weeding will carry the bill on the Senate floor.

ADJOURNMENT

Adjournment: The meeting adjourned at 11:45 a.m.

MIKE HALLIGAN, Chair

BONNIE STARK, Secretary

MH/bjs

ROLL CALL

SENATE COMMITTEE TAXATION DATE 4-2-93

NAME	PRESENT	ABSENT	EXCUSED
Sen. Halligan, Chair	✓		
Sen. Eck, Vice Chair	✓		
Sen. Brown	✓		
Sen. Doherty	✓		
Sen. Gage	✓		
Sen. Grosfield	✓		
Sen. Harp	✓		
Sen. Stang	✓		
Sen. Towe	✓		
Sen. Van Valkenburg	✓		
Sen. Yellowtail			✓

FC8

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 505 (third reading copy -- blue), respectfully report that House Bill No. 505 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 6, line 5.
Strike: "53-2-721"
Insert: "52-2-721"

-END-

m- Amd. Coord.
mw Sec. of Senate

Halligan
Senator Carrying Bill

741605SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 495 (third reading copy -- blue), respectfully report that House Bill No. 495 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 2, lines 5 and 6.
Following: "held." on line 5
Strike: the remainder of line 5 through "NOTICE." on line 6

-END-

MM Amd. Coord.
WU Sec. of Senate

Gage
Senator Carrying Bill

741604SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 588 (third reading copy -- blue), respectfully report that House Bill No. 588 be concurred in.

Signed: _____
Senator Mike Halligan, Chair

Amd. Coord.
Sec. of Senate

Towe
Senator Carrying Bill

741554SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 516 (third reading copy -- blue), respectfully report that House Bill No. 516 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 1, line 24.
Strike: "(6)"
Insert: "(8)"

-END-

MM Amd. Coord.
MM Sec. of Senate

Devlin
Senator Carrying Bill

741606SC.Sma

SENATE STANDING COMMITTEE REPORT

April 5, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 350 (third reading copy -- blue), respectfully report that House Bill No. 350 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 7.
Following: "LOANS;"
Insert: "INCLUDING CERTAIN NEWLY CONSTRUCTED RAILROADS IN THE DESIGNATION FOR COAL IMPACT GRANTS; INCLUDING COAL-RELATED AQUIFER AND GROUND WATER IMPACTS IN THE DESIGNATION FOR COAL IMPACT GRANTS;"

2. Page 1, line 22.
Following: "development"
Insert: ":
(i)"

3. Page 1, line 24.
Following: ";"
Insert: "or
(ii) changes to aquifers or ground water conditions;"

4. Page 2, line 14.
Strike: "or"
Following: line 14
Insert: "(iii) a newly constructed railroad serves a new, existing, or expanding coal mine;
Renumber: subsequent subsection

5. Page 2, line 22.
Following: ";"
Insert: "or
(v) an existing mine continues to affect aquifers or ground water conditions;"

6. Page 2, line 23.
Strike: "50"
Insert: "100"

7. Page 3, line 1.
Strike: "or (1)(b)(iii)"
Insert: "(1)(b)(iv), or (1)(b)(v)"

Amd. Coord. _____
Sec. of Senate

Weeding
Senator Carrying Bill

761303SC.San

8. Page 3, line 5.
Strike: "or"

9. Page 3, line 11.
Following: "year"
Insert: "; or
(iii) aquifers or ground water conditions may be affected by a mine or coal-burning facility located in an adjacent Canadian province or in an adjacent state"

10. Page 3, line 24.
Following: "(3)"
Insert: "(a)"
Strike: "EACH YEAR"
Insert: "beginning July 1, 1993, and ending June 30, 1995"

11. Page 3, line 25.
Strike: "10%"
Insert: "20%"

12. Page 4, line 1.
Following: "IT"
Insert: "each year"

13. Page 4.
Following: line 4
Insert: "(b) Except as provided in 90-6-205(5)(b), beginning July 1, 1995, and thereafter, the coal board may not award more than 10% of the funds appropriated to it each year for grants and loans to governmental units and state agencies for meeting the needs caused by coal development to local governmental units other than those governmental units designated under subsection (1)."

14. Page 4, line 5.
Strike: "For"
Insert: "Except as provided in subsection (8), for"

15. Page 5, line 1.
Strike: "All"
Insert: "Except as provided in subsection (8), all"

16. Page 5, lines 3 and 7.
Following: "mine"
Insert: ", railroad,"

17. Page 5, line 9.
Strike: "UP TO 10%"
Insert: "not more than 20% and beginning July 1, 1995, not more than 10%"

18. Page 5, line 19.
Following: line 18
Insert: "(8) A designation determined for aquifer and ground water purposes under subsection (1)(a)(ii), (1)(b)(iv), or (1)(d)(iii) is not limited by time or availability of local tax revenue because of the need for long-term evaluation of aquifer and ground water conditions affected by coal mining."

-END-

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 196 (third reading copy -- blue), respectfully report that House Bill No. 196 be concurred in.

Signed: _____
Senator Mike Halligan, Chair

Amd. Coord.
Sec. of Senate

Gage
Senator Carrying Bill

741555SC.Sma

SENATE STANDING COMMITTEE REPORT

April 5, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 436 (third reading copy -- blue), respectfully report that House Bill No. 436 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 4, lines 16 and 17.
Following: "the" on line 16
Insert: "certification,"
Following: "classification" on line 17
Insert: ","

2. Page 4, line 19.
Strike: "classification"
Insert: "certification"

3. Page 4, line 20.
Strike: "defendant"
Insert: "respondent"

4. Page 4, line 21.
Strike: "value"
Insert: "classification or valuation"

5. Page 4, line 24.
Strike: "defendant"
Insert: "respondent"

6. Page 6, line 17.
Following: "~~rulemaking~~"
Insert: "-- rulemaking"

7. Page 6, line 18.
Following: "~~(1)~~"
Insert: "(1)"

8. Page 6, line 19.
Strike: "1994"
Insert: "1993"

Amd. Coord. Towe
Sec. of Senate Senator Carrying Bill 76130SC.San

9. Page 6, line 25.
Following: line 24
Insert: "(2) The department of revenue and the department of health and environmental sciences may institute rulemaking under Title 2, chapter 4, prior to October 1, 1993, to implement [this act], but the rules may not be effective prior to October 1, 1993."

-END-

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 303 (third reading copy -- blue), respectfully report that House Bill No. 303 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 7.
Strike: "OR" through "ENVIRONMENT"

2. Page 3, lines 6 and 7.
Following: "pollution" on line 6
Strike: the remainder of line 6 through "environment" on line 7

-END-

MH — Amd. Coord.
MW Sec. of Senate

Doherty
Senator Carrying Bill

741603SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 330 (third reading copy -- blue), respectfully report that House Bill No. 330 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 7.
Strike: "AND"

2. Title, line 8.
Following: "15-30-149,"
Insert: "AND 15-30-303,"
Following: "MCA;"
Insert: "REPEALING SECTION 15-30-322, MCA;"

3. Page 3, line 21.
Following: "filing."
Insert: "If the department has revised a return pursuant to 15-30-145(3), the taxpayer may revise the same return until the liability for that tax year is finally determined."

4. Page 6, line 10.
Following: line 9
Insert: "**Section 4.** Section 15-30-303, MCA, is amended to read:
"**15-30-303. Confidentiality of tax records.** (1) Except in accordance with proper judicial order or as otherwise provided by law, it is unlawful for the department or any deputy, assistant, agent, clerk, or other officer or employee to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this chapter or any other information secured in the administration of this chapter. It is also unlawful to divulge or make known in any manner any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.
(2) The officers charged with the custody of such reports and returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except in any action or proceeding to which the department is a party under the provisions of this chapter or any other taxing act or on behalf of any party to any action or proceedings under the provisions of this chapter or

such other act when the reports or facts shown thereby are directly involved in such action or proceedings, in either of which events the court may require the production of and may admit in evidence so much of said reports or of the facts shown thereby as are pertinent to the action or proceedings and no more.

(3) Nothing herein shall be construed to prohibit:

(a) the delivery to a taxpayer or his duly authorized representative of a certified copy of any return or report filed in connection with his tax;

(b) the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who shall bring action to set aside or review the tax based thereon or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-311 ~~and 15-30-322~~.

(4) Reports and returns shall be preserved for 3 years and thereafter until the department orders them to be destroyed.

(5) Any offense against subsections (1) through (4) of this section shall be punished by a fine not exceeding $1,000 or by imprisonment in the county jail not exceeding 1 year, or both, at the discretion of the court, and if the offender be an officer or employee of the state, he shall be dismissed from office and be incapable of holding any public office in this state for a period of 1 year thereafter.

(6) Notwithstanding the provisions of this section, the department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either such officer to inspect the return of income of any individual or may furnish to such officer or his authorized representative an abstract of the return of income of any individual or supply him with information concerning any item of income contained in any return or disclosed by the report of any investigation of the income or return of income of any individual, but such permission shall be granted or such information furnished to such officer or his representative only if the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(7) Further, notwithstanding any of the provisions of this section, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption

for blindness pursuant to 15-30-112(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of social and rehabilitation services information acquired under 15-30-301, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses; and

(d) to the board of regents information required under 20-26-1111."

NEW SECTION. **Section 5. Repealer.** Section 15-30-322, MCA, is repealed."

Renumber: subsequent section

-END-

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 382 (third reading copy -- blue), respectfully report that House Bill No. 382 be concurred in.

Signed: _____
Senator Mike Halligan, Chair

_____ Amd. Coord.
_____ Sec. of Senate

Koehnke
Senator Carrying Bill

741547SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 402 (third reading copy -- blue), respectfully report that House Bill No. 402 be concurred in.

Signed: _____
Senator Mike Halligan, Chair

MM — Amd. Coord.
Sec. of Senate

Eck
Senator Carrying Bill

741551SC.Sma

SENATE STANDING COMMITTEE REPORT

April 5, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 413 (third reading copy -- blue), respectfully report that House Bill No. 413 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 5, line 24 through page 6, line 1.
Strike: "THE" on page 5, line 24 through "FUND" on page 6, line 1
Insert: "an account in the state special revenue fund to the credit of the department"

-END-

Amd. Coord.
Sec. of Senate

Harp
Senator Carrying Bill

761307SC.San

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 519 (third reading copy -- blue), respectfully report that House Bill No. 519 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 9.
Following: "TAXPAYER;"
Insert: "INCREASING THE DEDUCTION ALLOWED FOR PURCHASE OF RECYCLED MATERIAL TO 10 PERCENT FROM 5 PERCENT;"
Strike: "AND"
Insert: ","
Following: "15-32-603,"
Insert: "AND 15-32-610,"

2. Page 8.
Following: line 8
Insert: "**Section 4.** Section 15-32-610, MCA, is amended to read:

"**15-32-610. (Temporary) Deduction for purchase of recycled material.** In addition to all other deductions from adjusted gross individual income allowed in computing taxable income under Title 15, chapter 30, or from gross corporate income allowed in computing net income under Title 15, chapter 31, part 1, a taxpayer may deduct an additional amount equal to ~~5%~~ 10% of the taxpayer's expenditures for the purchase of recycled material that was otherwise deductible by the taxpayer as business-related expense in Montana. (Terminates December 31, 1995--sec. 9, Ch. 712, L. 1991.)""

Renumber: subsequent sections

-END-

Amd. Coord.
Sec. of Senate

Halligan
Senator Carrying Bill

741600SC.Sma

SENATE STANDING COMMITTEE REPORT

April 5, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 593 (third reading copy -- blue), respectfully report that House Bill No. 593 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 1, line 25.
Following: "nontransferable"
Insert: ";
(c) does not permit gambling activities otherwise allowed under Title 23, part 5"

-END-

Amd. Coord. Swysgood

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 555 (third reading copy -- blue), respectfully report that House Bill No. 555 be concurred in.

Signed: _____
Senator Mike Halligan, Chair

MH – Amd. Coord.
Sec. of Senate

Lynch
Senator Carrying Bill

741552SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 193 (third reading copy -- blue), respectfully report that House Bill No. 193 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 4, lines 12 and 13.
Following: "inspection" on line 12
Strike: ","
Insert: "and"
Following: "license" on line 12
Strike: remainder of line 12 through "penalty" on line 13

2. Page 5, line 20.
Following: "."
Insert: "The proceeds of a civil penalty must be deposited in the general fund."

-END-

PM — Amd. Coord.
Sec. of Senate

Christiaens
Senator Carrying Bill

741559SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 559 (third reading copy -- blue), respectfully report that House Bill No. 559 be concurred in.

Signed: _____
Senator Mike Halligan, Chair

YM Amd. Coord.
DW Sec. of Senate

Halligan
Senator Carrying Bill

741553SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 181 (third reading copy -- blue), respectfully report that House Bill No. 181 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 5, line 9.
Following: "."
Insert: "The proceeds of an administrative civil penalty must be deposited in the general fund."

-END-

Amd. Coord.
Sec. of Senate

Eck
Senator Carrying Bill

741557SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 167 (third reading copy -- blue), respectfully report that House Bill No. 167 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 5, line 19.
Following: "."
Insert: "A civil penalty collected under this section must be deposited in the general fund."

-END-

Amd. Coord.
Sec. of Senate

Harp
Senator Carrying Bill

741556SC.Sma

SENATE STANDING COMMITTEE REPORT

April 1, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 539 (third reading copy -- blue), respectfully report that House Bill No. 539 be concurred in.

Signed: _____
Senator Mike Halligan, Chair

Amd. Coord.
Sec. of Senate

Eck
Senator Carrying Bill

731537SC.Sma

SENATE STANDING COMMITTEE REPORT

April 2, 1993

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 645 (third reading copy -- blue), respectfully report that House Bill No. 645 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Mike Halligan, Chair

That such amendments read:

1. Page 12, line 15.
Following: "passenger"
Insert: "or cargo"

2. Page 12, line 16.
Following: "121"
Insert: ","
Following: "or"
Insert: "a scheduled passenger air carrier certified under 14 CFR, part"

3. Page 14, line 13.
Following: "passenger"
Insert: "or cargo"

4. Page 14, line 14.
Following: "121"
Insert: ","
Following: "or"
Insert: "a scheduled passenger air carrier certified under 14 CFR, part"

-END-

Amd. Coord.
Sec. of Senate

Weeding
Senator Carrying Bill

741601SC.Sma

ROLL CALL VOTE #1

SENATE COMMITTEE TAXATION BILL NO. HB 350

DATE 4-2-93 TIME 8:00 (A.M.) P.M.

NAME	YES	NO
Sen. Brown		
Sen. Doherty		
Sen. Eck	✓	
Sen. Gage	✓	
Sen. Grosfield		
Sen. Halligan	✓	
Sen. Harp		✓
Sen. Stang	✓	
Sen. Towe		✓
Sen. Van Valkenburg		
Sen. Yellowtail		

Donnie Stark
SECRETARY

Mike Halligan
CHAIR

MOTION: Adopt amendments on Exhibit #10.

Carried 4-2.

Karolin Jappe Stanger
901 Hide Out
Helena, Montana 59601
(406) 449-4607
Work 444-3889

SENATE TAXATION
EXHIBIT NO. 1
DATE 4-2-93
BILL NO. HB 505

April 2, 1993

To Montana's Legislator:

I would like to add my two cents worth on house bill 505. I am highly in favor of this bill for several different reasons. Day care providers are so very much underpaid, and that is why the people of the State of Montana have so few individuals who are in the profession. This indeed limits the working people who struggle to know to whom they can take their kids. I feel if hb 505 were passed it would open the door for more people who have chosen to stay home with their kids the ability to help out other families with children as well as their own.

Right now in Helena, the availability of infant care is almost nill. I have served on the Child Care Task Force for the past two years and have also been a single working mother who has very much needed child care. As I served on the task force I learned that child care providers in 1992 were only making the 1988 market rates for providing services to our children.

We need to focus on better care for the children of Montana and offer individuals an incentive to provided child care in loving homes. I have seen here in Helena where a mother actually quit her job because of her inability to find affordable, caring child care. But she had no other choice. This woman is now on welfare once again. If I can further answer any questions, feel free to call me.

Yours truly,

Karolin Stanger

PROPOSED DAYCARE PROVIDER CHILD CARE TAX DEDUCTION

1) MONTANA WORKERS DEPEND ON CHILD CARE
Montana's economy depends on the hard work of a group of self-employed small businesses: licensed and registered daycare providers.

2) DAYCARE PROVIDERS MAKE BELOW POVERTY WAGES
They care for 64% of our preschoolers, and without them many of our workers would be absent from their jobs. The average child care wage is only $5.35/hour, with no benefits.

3) PARENTS WORKING AS DAYCARE PROVIDERS DON'T HAVE THE SAME TAX SUPPORT AS OTHER WORKING PARENTS
Currently, daycare providers must pay someone else to care for <u>their own</u> children in order to take advantage of state or federal dependent care tax credits. This policy is contradictory to the view that parents should be supported in their decision to care for their own children.

4) GIVE THEM A BREAK...THE SAME BREAK THAT OTHER WORKING PARENTS GET!
We ask the state of Montana to extend the Montana Child Care Tax Deduction to the licensed or registered provider who cares for his/her own child under the age of six as part of his/her regulated roster of children.

5) AN INVESTMENT IN STABLE, QUALITY CHILD CARE FOR EVERY MONTANA COMMUNITY
This additional income will have a significant impact on the availability of child care in Montana communities, and on the longevity of these small businesses.

6) IMPROVE THE FINANCIAL CONDITION OF MONTANA'S DAYCARE PROVIDERS AND LOWER THEIR HIGH RATE OF TURNOVER
The turnover rate of child care workers presently approaches 59% annually. This additional income will help lower turnover.

7) THE NEED FOR STABLE, QUALITY CHILD CARE IMPACTS MONTANA FAMILIES FROM ALL SOCIAL, POLITICAL AND ECONOMIC BACKGROUNDS–<u>AND</u> THEIR EMPLOYERS
Montana families and businesses will be supported in their child care needs when the state's day care providers are entitled to the same child care tax deduction that other working parents claim.

●●●

SENATE TAXATION
EXHIBIT NO. 3
DATE 4-2-93
BILL NO. HB 588

MONTANA Association of Conservation Districts
501 North Sanders, Suite 2 (406) 443-5711
Helena, MT 59601 FAX (406) 449-0119

CONSERVATION DISTRICTS

In the early 1930's, mounting problems resulting from soil erosion, floods, and dust storms led to Congress passing Public Law 46 in 1935. This law declared soil and water conservation and wise land use a public policy, and in 1937 the president recommended that governors pass state legislation allowing landowners to form soil and water conservation districts. The result was the formation of 2950 conservation districts, representing all 50 states, the Virgin Islands, and Puerto Rico.

MONTANA'S CONSERVATION DISTRICTS

The state of Montana contains 59 conservation districts which were formed in accordance with the Montana Soil Conservation District Law passed by the 26th General Assembly in 1939. Montana's conservation districts are political subdivisions of state government, responsible under state law for natural resource management and conservation within their boundaries.

The purpose of Montana's conservation districts is to develop and carry out long-range programs that will result in the conservation and development of soil and water resources; to provide assistance in the planning and application of conservation measures; and to encourage maximum participation by the general public and all local public and private agencies to fulfill this purpose.

In doing this, districts provide one-on-one technical assistance in planning and implementation of land management systems, vegetative practices, and necessary engineering structures. Conservation districts also conduct a variety of community programs where widespread resource problems require group action for solutions. Districts are managed by local citizens who are familiar with the problems in their area, resulting in an excellent example of local citizenry participating in government.

Montana's conservation districts are involved in many projects and programs that benefit the state and its people. Districts include the entire state of Montana, except for some areas in Custer and Prairie Counties. They represent over 15,000 cooperators totalling 43,600,000 acres of farm and ranch land. Approximately 8,000 cooperators are serviced yearly, which encompasses approximately 20 million acres. Conservation districts provide assistance to approximately 430 units of state

and local government each year. Two concepts key to conservation districts' strong statewide support are the desire for decentralized government and the need to wisely manage Montana's natural resources.

A list of subjects that conservation districts administer or are involved with follows:

-offstream storage
-soil survey development
-watershed projects
-Resource Conservation and Development projects
-water quality activities
-rangeland resources management
-saline seep
-streambank erosion control projects
-timber management
-youth camps
-conservation education programs
-conservation activity tours
-City-County Planning Board coordination
-coordinated resource management planning
-mining impacts
-water reservations
-wilderness studies
-Forest Service/BLM management plans
-weed control
-urban activities
-coordination and cooperation with federal, state, and local governments
-economic development
-riparian management
-wetland restoration and preservation
-farm plans
-sediment and flood control
-tree planting
-habitat development and enhancement projects
-groundwater assessments
-stream inventories
-Natural Streambed and Land Preservation Act administration

Especially notable is the fact that Montana's conservation districts were given the additional responsibility of administering the Natural Streambeds and Land Preservation Act (SB 310 of 1975). Under this law, anyone planning an activity between the high-water marks of a perennial stream must apply to and receive approval from the local conservation district. Districts receive no funding to carry out this responsibility, and may receive as many as ten permit applications per month requiring approximately ten work hours each process. No permit fee is charged, and supervisors (volunteers) often spend six hours or more in special meetings due to permit volume. Adjudication processes require additional time and money as well.

EXHIBIT 3
DATE 4-2-93
HB-588

CONSERVATION DISTRICT FUNDING

Montana is one of the few states where district supervisors have the authority, through county commissioners, to levy taxes. By law, this tax may not exceed 1.5 mills on all real property within the district. Currently, mill levies are frozen at 1986 levels due to the passage of SB 71 in 1987. This, coupled with the devaluation of real property, has left many districts on the brink of closure. The only other source of funding available to districts' administration comes in the form of small administrative grants from the DNRC.

45 CONSERVATION DISTRICTS
WHOSE CURRENT LEVY GENERATES LESS THAN $20,000

DISTRICT	CURRENT LEVY $	ESTIMATED LEVY NEEDED FOR $20,000	ADMIN. GRANT REC'D FY 92
Beaverhead	$9,499	3.29	------
Big Horn	$14,753	2.03	------
Big Sandy	$7,327	4.10	2900
Blaine	$11,151	2.69	2400
Broadwater	$4,185	7.17	3500
Carbon	$17,552	1.71	1900
Carter	$3,669	8.18	3500
Choteau	$16,540	1.81	------
Custer	$11,984	2.50	900
Daniels	$7,034	4.26	1400
Dawson	$10,570	2.84	3000
Deer Lodge Valley	$16,658	1.80	------
Eastern Sanders	$3,972	7.55	3400
Garfield	$5,376	5.58	2900
Glacier	$17,944	1.67	900
Granite	$8,408	3.57	3000
Green Mountain	$11,815	2.54	2000
Jefferson Valley	$12,003	2.50	------
Judith Basin	$7,071	4.24	2500
Lincoln	$19,089	1.57	900
Little Beaver	$5,297	5.66	900
Lower Musselshell	$8,418	3.56	2400
Madison	$9,930	3.02	------
McCone	$6,734	4.45	3500
Meagher	$4,214	7.12	4000
Mineral	$9,689	3.10	------
North Powell	$1,526	19.65	------
Park	$14,129	2.12	4000
Petroleum	$2,470	12.14	3300
Phillips	$8,293	3.62	3400
Pondera	$11,702	2.56	------
Powder River	$4,429	6.77	2600
Prairie	$4,519	6.64	3100
Richland	$13,269	2.66	900
Roosevelt	$10,881	2.76	900
Ruby Valley	$4,278	7.01	4000
Sheridan	$9,442	3.18	2500
Stillwater	$12,453	2.14	------
Sweet Grass	$2,389	12.56	4000
Teton	$13,606	2.00	3500
Toole	$13,188	2.77	1900
Treasure	$6,052	4.96	------
Upper Musselshell	$9,320	3.22	3200
Valley	$11,890	2.52	------
Wibaux	$2,654	11.30	3000

Intermittently, conservation districts receive various state and federal grant monies for special project purposes. These figures are not represented above.

EXHIBIT 3
4-2-93
HB 588

8 SAMPLE CONSERVATION DISTRICTS' ESTIMATED INCREASE PER PROPERTY UNIT

DISTRICT	ESTIMATED LEVY NEEDED FOR $20,000	DIFFERENCE BETWEEN EST. LEVY AND CURRENT 1.5 MILL LEVY	ESTIMATED INCREASE PER AVERAGE PROPERTY UNIT
Big Sandy	4.10	2.60	$3.33 per $50,000 household
Carbon	1.71	0.21	$0.39 per $50,000 household $0.20 per 60 acres
Glacier	1.67	0.17	$0.50 per $50,000 household
Judith Basin	4.24	2.74	$0.60 per 60 acres
Petroleum	12.14	10.64	$2.00 per household now paying $0.20 $4.04 per household now paying $0.57
Phillips	3.62	2.12	$3.99 per $50,000 household
Sheridan	3.18	1.68	$1.94 per $30,000 household
Teton	2.20	0.70	$2.40 per $40,000 household

SENATE TAXATION
EXHIBIT NO. 4
DATE 4-2-93
BILL NO. HB 645

HOUSE BILL 645

Representative Schye

History:

The current tax of one cent has been in place for over forty years without an increase.

Where the revenue from this tax was adequate in the past, it no longer will support the need.

Those that utilize the services that this revenue provides are exceptionally pleased with the service.

For many years all the states that border us have seen the wisdom of increasing the tax as needed in their states while we have chosen to take no action at all.

Future:

If we don't take some action now, services that are vitally needed must be suspended.

Many rural airports across the state will fall into a disrepair that will be substantially more expensive to repair in the future.

These airports cannot depend on county resources to provide matching funds for Federal money that is currently available for repairs.

These airports provide a vital link for these smaller communities to the rest of Montana.

Who Will Pay The Tax?

Those who use the services. The Montana Pilots Assoc. did a survey of ALL pilots in the state and more than the majority feel the services are needed and are willing to accept the tax increase.

Do Pass Rational:

This Bill has been in the making for over a year. Those who formulated the rational have met with members of the Governor's Staff, Pilot Organizations across the State representing all phases of aviation, Retailers of Aviation Goods and Services, Etc.

This bill is the culmination of a great many points of view. It represents the fairest treatment for all concerned. As written it meets the needs for additional revenue without creating an undo burden on those affected. It was reviewed in the house and passed by both sides of the Isle. DO PASS, UNAMENDED Thank you, TED BECK, Helena

SENATE TAXATION
EXHIBIT NO. 5
DATE 4-2-93
BILL NO. HB645

MONTANA AVIATION
A BRIEFING

STATISTICS

110 Airports - range from the seven air carrier airports to community airports to recreational strips; smaller airports provide vital links between rural communities and major airports for movement of airline passengers, delivery of goods and services, transportation to advanced medical care.

3,924 Pilots - include those who make their living through aviation; as well as those who use aviation as a major form of business and personal transportation.

394 Aviation Mechanics - make their living offering repair and service to the state's aircraft, both commercial and personal.

148 Aerial Applicators - provide aerial crop dusting/ fertilization services as well as control of mosquitoes and other insects

100 Fixed Base Operators/Air Taxi/Charter - provide air transportation service to businesses, the State of Montana, and individuals, vital air ambulance services to link small rural communities with health care in larger in-state and out-of-state cities, and services such as fuel, navigation information, and mechanical support to state's flying public

There are **2,586 Montana Owned or Operated Aircraft** with a combined investment in excess of $1 billion. This includes privately owned, commercial, business, and corporate aircraft but does not include major air carriers.

ECONOMIC IMPACT

The aviation industry is responsible for over half a billion dollars of annual statewide economic impact through employment, purchase of goods and services, investment in capital assets, and payment of property and state income taxes.

REGULATION AND SUPPORT

Montana Aeronautics Division - established in 1945 by legislative action

Division within the Montana Department of Transportation. Was originally a Commmission directly answerable to the Governor. Has been administered under several State departments including the Department of Intergovernmental Affairs, Department of Community Affairs, and the Department of Commerce. In 1991 the Division was transferred to the Department of Transportation.

By statute, the Division is charged with fostering and promoting aviation in the state. The Division represents the State of Montana in state and national aviation related matters.

The **Montana Aeronautics Board** acts in an advisory capacity to the Aeronautics Division with quasi-judicial powers. Appointed by the Governor, the Board is made up of nine members representing: the Montana Pilots Association, Fixed Base Operators, the county commissioners, the Montana Chamber of Commerce, the League of Cities and Towns, the airline industry, aviation education, the Montana Airport Management Association, and a member at large.

Funding for the Division is solely through a 1 cent per gallon tax on aviation fuel. This funding level has never been raised since the inception of the Division in 1945. **No general fund money has ever been used to fund the Montana Aeronautics Division.**

Minor funding supplements include: pilot registration fees, sale of miscellaneous publications, resale of airport supplies, airport inspections, and 10% of the total collected aircraft registration fees (the remaining 90% is returned to the counties where aircraft are based).

The Division is made up of two bureaus:

The **Safety and Education Bureau** administers registration of aircraft and pilots; organizes and maintains a statewide air search organization; plans and organizes pilot, mechanics, and air search volunteer safety programs and seminars; organizes aviation/aerospace education programs.

The **Airport/Airways Bureau** provides technical assistance to community airports; operates and maintains various aviation navigational systems; updates and distributes the Montana Aeronautical Chart and Montana Airport Directory; operates and maintains state-owned airports; conducts annual safety inspections on public use airports; maintains a continuously updated Montana Aviation System Plan; provides local airport operators with a wholesale source of airport related supplies. The Airport/Airways Bureau also operates the air carrier airport at West Yellowstone, The Yellowstone Airport is self-sustaining.

PROPOSED LEGISLATION

The Montana aviation community proposes an increase of **2 cents per gallon** in the aviation fuel tax.

One cent of the proposed increase would be allocated to a fund to provide loans for airport improvements throughout the state. Interest and loan repayments would be returned to the trust account to provide a continued level of funding. No money from this account would be used for administrative purposes.

The Federal Aviation Administration typically funds airport construction projects for general aviation airports at $4.5 million annually and an additional $2 million in discretionary funds in those states showing a need and having projects and local financing available. Communities must provide 10% matching funds as the sponsor's share. The proposad loan/grant trust fund would be used as loans to small airports for this 10% match to leverage the 90% FAA funding of needed airport improvement projects. At the present time, nine Montana communities need a total of $584,200 local funds to match federal funding for needed airport improvement projects.

They are:

Columbus	$1,114.000
Gardiner	1,261,000
Glendive	250,000
Harlowton	500,000
Philipsburg	522,000
Deer Lodge	220,000
Malta	1,000,000
Choteau	800,000
Stevensville	175,000

Estimated construction costs total nearly $5.9 million. Funds from the loan program would also provide needed financial support for improvement projects which are not eligible for federal funds.

The **second cent** of the proposed increase would be allocated for grants, safety features, navigational facilities, additional weather reporting, or other aeronautical purposes.

Among the needs of Montana airports which could be addressed under this category are cones, runway lighting systems, runway light radio controllers, rotating beacons, windsock standards, etc. The funds could also be used to purchase additional Pan Am WeatherMation units for Missoula, Kalispell, Bozeman, Sidney, Glendive, Glasgow, Miles City, and Lewistown. If FAA Flight Service Station consolication proceeds, then additional sites should be contemplated for WeatherMation siting. A statewide zoning analysis needs to be done and support provided for storm water discharge permits for general aviation airports.

Under the proposed legislation, the Montana Aeronautics Board would approve projects and allocation of funds. No money received from the 2 cent tax increase would be allocated for department administrative or salary purposes. In addition, a rebate of 2 cents per gallon of the total 3 cents raised would be allowed for aviation fuel purchased by scheduled passenger carrying airlines.

Prepared by: Aviation Organizations of Montana

SENATE TAXATION
EXHIBIT NO. 6
DATE 4-2-93
BILL NO. HB645

AVIATION FUEL TAXES

COMPARISON BY STATE

COLORADO — Aviation Fuel Tax Dept. 303-534-1805

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	4¢ pr gallon
Federal Government:	Exempt from tax

UTAH — Aviation Fuel Tax Auditing 801-538-3000

Aviation Gasoline:	4¢ per gallon
Commercial Jet A:	4¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

WASHINGTON — Department of Licensing
Fuel Tax Section 206-753-3256

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	6¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

IDAHO — Department of Revenue 208-334-7660

Aviation Gasoline:	5.5¢ per gallon
Commercial Jet A:	4.5¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

WYOMING — Department of Revenue 307-777-7961

Aviation Gasoline:	5¢ per gallon
Commercial Jet A:	5¢ per gallon
Federal Government:	Exempt from tax

NORTH DAKOTA — Department of Revenue 701-224-3126

Aviation Gasoline:	8¢ per gallon
Commercial Jet A:	8¢ per gallon
Federal Government:	Exempt from tax

SOUTH DAKOTA Department of Fuel Taxes 605-773-3311

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	4¢ per gallon
Federal Government:	Exempt from tax

MINNESOTA Department of Revenue 612-296-0889

Aviation Gasoline:	5¢ per gallon
Commercial Jet A:	5¢ per gallon
Bulk Military Sales	Exempt from tax

Minnesota offers a volume discount to large purchasers:
First 50,000 gallons at 5¢
Next 100,000 gallons at 2¢
Next 50,000 gallons at 1¢
All additional gallons at 1/2¢

ILLINOIS Department of Revenue 217-782-3336

Aviation Gasoline:	19¢ per gallon
Commercial Jet A:	19¢ per gallon
Federal Government:	Exempt from tax

Airports in cities over one million people with more than 300,000 transactions are exempt.

GEORGIA Motor Fuel Tax Department 404-651-5106

Aviation Gasoline:	7 1/2¢ per gallon
Commercial Jet A:	7 1/2¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

SENATE TAXATION
EXHIBIT NO. 7
DATE 4-2-93
BILL NO. HB645

COMMMERCIAL JET-A PRICE COMPARISON
CONTRACT PRICES IN CENTS PER GALLON

Price includes all earned discounts but does not include tax

Date	Great Falls	Denver	Spokane	Salt Lake	Minneapolis
1/13/92	62.90	59.71	64.81	67.45	58.42
3/16/92	63.90	61.31	66.15	64.23	59.27
4/20/92	63.90	63.08	67.81	67.11	60.63
5/25/92	66.90	67.83	72.65	71.73	63.95
6/15/92	70.40	69.50	73.81	72.73	66.24
7/27/92	72.40	71.83	75.48	74.80	67.65
8/31/92	72.40	72.08	74.15	72.98	67.60
9/28/92	69.45	73.83	77.23	76.27	70.42
10/26/92	73.25	75.16	77.23	76.27	70.42
11/30/92	65.91	71.50	74.76	74.46	66.42
12/28/92	65.91	69.08	73.76	72.46	63.52
1/25/92	62.81	68.91	73.43	70.90	62.87

Amendments to House Bill No. 645
Third Reading Copy

Requested by Senator Grosfield
For the Committee on Taxation

Prepared by Jeff Martin
April 1, 1993

SENATE TAXATION
EXHIBIT NO. 6
DATE 4-2-93
BILL NO. HB645

1. Page 12, line 15.
Following: "passenger"
Insert: "or cargo"

2. Page 12, line 16.
Following: "121"
Insert: ","
Following: "or"
Insert: "a scheduled passenger air carrier certified under 14 CFR, part"

3. Page 14, line 13.
Following: "passenger"
Insert: "or cargo"

4. Page 14, line 14.
Following: "121"
Insert: ","
Following: "or"
Insert: "a scheduled passenger air carrier certified under 14 CFR, part"

SENATE TAXATION
EXHIBIT NO. 9
DATE 4-2-93
BILL NO. HB 350

Amendments to House Bill No. 350
Third Reading Copy

Requested by Senator Yellowtail
For the Committee on Taxation

Prepared by Jeff Martin
March 29, 1993

1. Title, line 7.
Following: "LOANS;"
Insert: "INCLUDING CERTAIN NEWLY CONSTRUCTED RAILROADS IN THE DESIGNATION FOR COAL IMPACT GRANTS;"

2. Page 1, line 23.
Strike: "10%"
Insert: "5%"

3. Page 2, line 14.
Strike: "or"
Following: line 14
Insert: "(iii) a newly constructed railroad serves a new, existing, or expanding coal mine; or"
Renumber: subsequent subsection

4. Page 2, line 23.
Strike: "50"
Insert: "100"

5. Page 3, line 1.
Strike: "(1)(b)(iii)"
Insert: "(1)(b)(iv)"

6. Page 3, line 24.
Following: "(3)"
Insert: "(a)"
Strike: "EACH YEAR"
Insert: "beginning July 1, 1993, and ending June 30, 1995"

7. Page 3, line 25.
Strike: "10%"
Insert: "20%"

8. Page 4, line 1.
Following: "IT"
Insert: "each year"

9. Page 4.
Following: line 4
Insert: "(b) Except as provided in 90-6-205(5)(b), beginning July 1, 1995, and thereafter, the coal board may not award more than 10% of the funds appropriated to it each year for grants and loans to governmental units and state agencies for meeting the needs caused by coal development to local governmental units other than those governmental units designated under subsection (1)."

10. Page 5, lines 3 and 7.
Following: "mine"
Insert: ", railroad,"

11. Page 5, line 9.
Strike: "UP TO 10%"
Insert: "not more than 20% and beginning July 1, 1995, not more than 10%"

SENATE TAXATION
EXHIBIT NO. 10
DATE 4-2-93
BILL NO. HB 350

Amendments to House Bill No. 350
Third Reading Copy

Requested by Senator Weeding
For the Committee on Taxation

Prepared by Jeff Martin
March 30, 1993

1. Title, line 7.
Following: "LOANS;"
Insert: "ESTABLISHING PRIORITY DESIGNATIONS FOR AQUIFER AND GROUND WATER IMPACTS;"

2. Page 1, line 22.
Following: "development"
Insert: ":
(i)"

3. Page 1, line 24.
Following: ";"
Insert: "or
(ii) changes to aquifers or ground water conditions;"

4. Page 2, line 14.
Strike: "or"

5. Page 2, line 22.
Following: ";"
Insert: "or
(iv) an existing mine continues to affect aquifers or ground water conditions;"

6. Page 3, line 1.
Strike: "or"
Following: "(1)(b)(iii)"
Insert: ", or (1)(b)(iv)"

7. Page 3, line 5.
Strike: "or"

8. Page 3, line 11.
Following: "year"
Insert: "; or
(iii) aquifers or ground water conditions may be affected by a mine or coal-burning facility located in an adjacent Canadian province or in an adjacent state"

9. Page 4, line 5.
Strike: "For"
Insert: "Except as provided in subsection (8), for"

10. Page 5, line 1.
Strike: "All"
Insert: "Except as provided in subsection (8), all"

11. Page 5, line 19.
Following: line 18
Insert: "(8) A designation determined for aquifer and ground water purposes under subsection (1)(a)(ii), (1)(b)(iv), or (1)(d)(iii) is not limited by time or availability of local tax revenue because of the need for long-term evaluation of aquifer and ground water conditions affected by coal mining."

SENATE TAXATION
EXHIBIT NO. 11
DATE 4-2-93
BILL NO. HB 196

Amendments to House Bill No. 196
Third Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch
March 26, 1993

1. Title, lines 8 through 12.
Strike: line 8 through "JURISDICTIONS" on line 12
Insert: "REVISING THE PROCEDURE FOR COMPUTING REIMBURSEMENTS TO LOCAL GOVERNMENTS FOR LOSSES IN PERSONAL PROPERTY TAX AS A RESULT OF TAX RATE REDUCTIONS"

2. Page 2, line 17.
Following: line 16
Insert: "(1) Prior to November 1 of each year, the department of revenue shall determine, for each county, the number of mills levied for the current tax year in each taxing jurisdiction levying mills against personal property."
Renumber: subsequent subsections

3. Page 2, line 17.
Following: "(1)"
Insert: "(a)"

4. Page 2, lines 19 through 21.
Following: "~~The~~"
Strike: remainder of line 19 through "THE" on line 21
Insert: "The"
Following: "department"
Insert: "shall determine the amount of taxable value lost"

5. Page 2, line 22.
Strike: "FOR"
Insert: "within"

6. Page 2, line 23.
Strike: ":"

7. Page 3, lines 9 through 18.
Strike: subsections (A) through (D) in their entirety
Insert: "due to the reduction in personal property tax rates for property included in class eight, class nine, and class ten, as those classes existed in 1989. The determination must be based on 1989 taxable values for class eight, class nine, and class ten property as reported to the department by each taxing jurisdiction that existed in 1989, less the difference in taxable value for the same property in 1989 as determined by the 1991 tax rate for property included in 15-6-138.

(b) The department shall calculate the taxable value lost in a taxing jurisdiction as a result of a reduction in the taxable value rate in 15-6-145 that results from a reduction in

taxable value of property under 15-6-138.

(c) The amount of the reimbursement is calculated by multiplying the current year mill levy for each taxing jurisdiction times the total amount of taxable value lost as determined in subsections (2)(a) and (2)(b)."

8. Page 4, lines 16 through 22.
Following: "~~15-6-145.~~" on line 16
Strike: remainder of line 16 through "." on line 22

9. Page 4, line 24.
Strike: "(A)"

10. Page 5, line 2.
Strike: "(1)"
Insert: "(2)"

11. Page 5, lines 11 through 18.
Strike: subsection (B) in its entirety

12. Page 6, line 2.
Strike: "(7)"
Insert: "(8)"

13. Page 7, line 3.
Strike: "(7)(B)"
Insert: "(8)(b)"

SEN. TAX-TRU
EXHIBIT NO. 12
DATE 4-2-93
BILL NO. HB 436

A person may appeal the classification, certification or valuation of the property to the state Tax Appeal Board. In the case of an appeal from a property certification issued by the Department of Health and Environmental Sciences (DHES), the DHES may be named as a respondent, as appropriate. Appeals on the classification or valuation of property shall name the Department of Revenue as respondent.

OK with Tom Nelson

SENATE TAXATION
EXHIBIT NO. 13
DATE 4-2-93
BILL NO. HB 330

Amendments to House Bill No. 330
Third Reading Copy

Requested by Senator Towe
For the Committee on Taxation

Prepared by Jeff Martin
April 1, 1993

1. Title, line 7.
Strike: "AND"

2. Title, line 8.
Following: "15-30-149,"
Insert: "AND 15-30-303,"
Following: "MCA;"
Insert: "REPEALING SECTION 15-30-322, MCA;"

3. Page 3, line 21.
Following: "filing."
Insert: "If the department has revised a return pursuant to 15-30-145(3), the taxpayer may revise the same return until the liability for that tax year is finally determined."

4. Page 6, line 10.
Following: line 9
Insert: **"Section 4.** Section 15-30-303, MCA, is amended to read:

"15-30-303. Confidentiality of tax records. (1) Except in accordance with proper judicial order or as otherwise provided by law, it is unlawful for the department or any deputy, assistant, agent, clerk, or other officer or employee to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this chapter or any other information secured in the administration of this chapter. It is also unlawful to divulge or make known in any manner any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) The officers charged with the custody of such reports and returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except in any action or proceeding to which the department is a party under the provisions of this chapter or any other taxing act or on behalf of any party to any action or proceedings under the provisions of this chapter or such other act when the reports or facts shown thereby are directly involved in such action or proceedings, in either of which events the court may require the production of and may admit in evidence so much of said reports or of the facts shown thereby as are pertinent to the action or proceedings and no more.

(3) Nothing herein shall be construed to prohibit:

(a) the delivery to a taxpayer or his duly authorized representative of a certified copy of any return or report filed in connection with his tax;

(b) the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who shall bring action to set aside or review the tax based thereon or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-311 ~~and 15-30-322~~.

(4) Reports and returns shall be preserved for 3 years and thereafter until the department orders them to be destroyed.

(5) Any offense against subsections (1) through (4) of this section shall be punished by a fine not exceeding $1,000 or by imprisonment in the county jail not exceeding 1 year, or both, at the discretion of the court, and if the offender be an officer or employee of the state, he shall be dismissed from office and be incapable of holding any public office in this state for a period of 1 year thereafter.

(6) Notwithstanding the provisions of this section, the department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either such officer to inspect the return of income of any individual or may furnish to such officer or his authorized representative an abstract of the return of income of any individual or supply him with information concerning any item of income contained in any return or disclosed by the report of any investigation of the income or return of income of any individual, but such permission shall be granted or such information furnished to such officer or his representative only if the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(7) Further, notwithstanding any of the provisions of this section, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption for blindness pursuant to 15-30-112(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of social and rehabilitation services information acquired under 15-30-301, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses; and

(d) to the board of regents information required under 20-26-1111."

NEW SECTION. **Section 5. Repealer.** Section 15-30-322, MCA, is repealed."

Renumber: subsequent section

Amendments to House Bill No. 193
Third Reading Copy

SENATE TAXATION
EXHIBIT NO. 14
DATE 4-2-93
BILL NO. HB 193

Requested by Senator Grosfield
For the Committee on Taxation

Prepared by Greg Petesch
April 2, 1993

1. Page 4, lines 12 and 13.
Following: "inspection" on line 12
Strike: ","
Insert: "and"
Following: "license" on line 12
Strike: remainder of line 12 through "penalty" on line 13

2. Page 5, line 20.
Following: "."
Insert: "The proceeds of a civil penalty must be deposited in the general fund."

SENATE TAXATION
EXHIBIT NO. 15
DATE 4-2-93
BILL NO. HB 181

Amendments to House Bill No. 181
Third Reading Copy

Requested by Senator Grosfield
For the Committee on Taxation

Prepared by Greg Petesch
April 2, 1993

1. Page 5, line 9.
Following: "."
Insert: "The proceeds of an administrative civil penalty must be deposited in the general fund."

SENATE TAXATION
EXHIBIT NO. 16
DATE 4-2-93
BILL NO. HB167

Amendments to House Bill No. 167
Third Reading Copy

Requested by Senator Grosfield
For the Committee on Taxation

Prepared by Greg Petesch
April 2, 1993

1. Page 5, line 19.
Following: "."
Insert: "A civil penalty collected under this section must be deposited in the general fund."

DATE 4-2-93

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: HB 495, 505, 588, 645

Name	Representing	Bill No.	Check One: Support	Check One: Oppose
John Ek	Air Transport Ass.	645		
Bill Sheets	AMAA	645	✓	
John Semple	AMAA	645	✓	
June Sheets	AMAA	645	✓	
Karolin Haugen		505	✓	
Mike Ferguson	DOT Aeronautics	645	X	
Bob Pyfer	MPA	645	X	
Frank Bass	G. A.	645	✓	
RON MERCER	MAD	645		
Will Mavis	MPA	645	✓	
TED BECK	SELF	645	✓	
Virginia Knight	Family Resources	505	✓	
Carrie R Lee	Child Care Connections (Bozeman)	505	✓	
Bill Knox	United Parcel Service	645		✓
Chantel R. Lucier	Child Care Connection (Bozeman)	505	✓	
Susan Noble	Family Resources (Helena)	505	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

F10

DATE _____

SENATE COMMITTEE ON _____

BILLS BEING HEARD TODAY: _____

_____

Name	Representing	Bill No.	Check One Support	Oppose
Debbie Eberlick	Child Care Providers	505	✓	
Marcie Beshaw	Missoula Child Care Assoc	505	✓	
Jamie Farah	Missoula Child Care Res.	505	✓	
Kate Cholewa	MT Womens Lobby	505	✓	
Alan Hobbs	Montana Refining Co.	465		✓
SHAWN YADON	Federal Express Corp	645		
Marilyn Lewis	Montana Algae & Mt	645	✓	
Jim Lewis	Mt. Flying Farmers	645	✓	
Nora Bessler	MPA General Aviation	645	✓	
Marina Little	Precision Design Corp	645	✓	
Loren Smith	MPA	645	✓	
Roger Ruhd	MPA	645	✓	
Mike Volesky	Mt Assoc. Cons. Dist	588	✓	
Steve Schmitz	DNRC	588	✓	
Harold Fidler	M.V.E.E. Roundup	645	✓	
Jim Jensen	L+C Conserv. Dist	588	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

Strike: remainder of line 7 through "THAT" on line 8
Insert: "on the reservation whose government"

2. Page 6, line 23.
Following: "expenses:"
Strike: "AND"

3. Page 7, line 7.
Following: line 6
Insert: "(f) a statement that the state or a public agency and the tribal government will cooperate to collect only one tax and will share or refund the revenue as specified in the agreement;

(g) a statement that a taxpayer may not be required to pay both the state tax and the tribal tax but shall pay only one tax to one government in an amount established in the agreement; and"
Renumber: subsequent subsection

And that this Conference Committee report be adopted.

For the House:	For the Senate:
Tunby, Chairman	Yellowtail, Chairman
Gervais	Stang
Foster	Gage

Conference Committee
on House Bill 591
Report No. 1, April 21, 1993

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 591, met and considered:

1. Senate Taxation Committee amendments dated April 14, 1993 and recommend that House Bill 591 (reference copy -- salmon) be amended as follows:

1. Accept the Senate Taxation Committee amendments of April 14, 1993

And that this Conference Committee report be adopted.

For the House:	For the Senate:
Wallin, Chairman	Van Valkenburg, Chairman
R. Johnson	Blaylock
Galvin	Brown

Conference Committee
on House Bill 645
Report No. 1, April 21, 1993

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 645, met and considered:

1. Senate Taxation Committee Amendments of April 2, 1993 and recommend that House Bill 645 (reference copy -- salmon) be amended as follows:

1. Reject the Senate Taxation Committee amendments of April 2, 1993

And that this Conference Committee report be adopted.

For the House:	For the Senate:
Grimes	Weeding, Chairman
Schye	Eck

Free Conference Committee
on House Bill 6
Report No. 1, April 21, 1993

Mr. Speaker and Mr. President:

We, your Free Conference Committee, met and considered House Bill 6 and recommend that House Bill 6 (reference copy -- salmon) be amended as follows:

1. Title, line 25.
Following: "DATES"
Strike: "AND A TERMINATION DATE"

2. Page 20, line 9.
Strike: "-- TERMINATION"

3. Page 20, lines 12 and 13.
Following: "1993"
Strike: ", AND TERMINATE JUNE 30, 1995"

And that this Free Conference Committee report be adopted.

For the House:	For the Senate:
Grady, Chairman	Hockett, Chairman
DeBruycker	Vaughn
Bachini	Harding

Free Conference Committee
on House Bill 121
Report No. 1, April 20, 1993

Mr. Speaker and Mr. President:

We, your Free Conference Committee, met and considered House Bill 121 and recommend as follows:

HB 622 - Representative Ewer moved the free conference committee report to HB 622 be adopted. Motion carried as follows:

Ayes: Anderson, Bachini, Bardanouve, Barnett, Barnhart, Benedict, Bergman, Bergsagel, Bird, Boharski, Bohlinger, Brandewie, Brooke, Brown, Clark, Cobb, Cocchiarella, Daily, Davis, Dolezal, Dowell, Driscoll, Elliott, Ellis, Endy, Ewer, Fagg, Feland, Fisher, Foster, Galvin, Gervais, Gilbert, Grady, Grimes, Hansen, H.S. Hanson, M. Hanson, Harper, Harrington, Hayne, Herron, Hibbard, J. Johnson, R. Johnson, Kadas, Kasten, Keller, Knox, Larson, Mason, McCaffree, McCarthy, McCulloch, Menahan, Mills, Molnar, L. Nelson, T. Nelson, Orr, Pavlovich, Peck, Peterson, Quilici, Raney, Ream, Rehbein, J. Rice, S. Rice, Rose, Russell, Ryan, Sayles, Schwinden, Schye, Simon, Simpkins, Smith, Squires, Stanford, Stovall, Strizich, Swanson, Tash, Toole, Tunby, Tuss, Vogel, Wagner, Wallin, Wanzenried, Whalen, Winslow, Wiseman, Wyatt, Zook, Mr. Speaker.
Total 97

Noes: DeBruycker, Spring.
Total 2

Excused: None.
Total 0

Absent or not voting: Grinde.
Total 1

HB 645 - Representative Schye moved the conference committee report to HB 645 be adopted.

Representative Brown made a substitute motion that the conference committee report to HB 645 be not adopted. Motion failed. (36-64)

Thereupon, motion to adopt conference committee report to HB 645 carried as follows:

Ayes: Anderson, Bachini, Bardanouve, Barnhart, Benedict, Bergsagel, Bird, Bohlinger, Brandewie, Brooke, Cocchiarella, Daily, Davis, DeBruycker, Dolezal, Dowell, Driscoll, Elliott, Ellis, Endy, Ewer, Feland, Foster, Galvin, Gervais, Gilbert, Grady, Grimes, Grinde, Hansen, H.S. Hanson, M. Hanson, Harper, Harrington, Hibbard, J. Johnson, Kadas, Keller, Knox, Mason, McCaffree, McCarthy, McCulloch, Menahan, L. Nelson, Orr, Peck, Quilici, Raney, Ream, J. Rice, S. Rice, Rose, Russell, Ryan, Schwinden, Schye, Simon, Smith, Spring, Squires, Stanford, Strizich, Swanson, Tash, Toole, Tunby, Tuss, Wagner, Wanzenried, Whalen, Winslow, Wiseman, Mr. Speaker.
Total 74

Noes: Barnett, Boharski, Brown, Clark, Cobb, Fagg, Fisher, Hayne, Herron, R. Johnson, Kasten, Larson, Mills, Molnar, T. Nelson, Pavlovich, Peterson, Rehbein, Sayles, Simpkins, Stovall, Vogel, Wallin, Wyatt.
Total 24

Excused: None.

Total 0

Absent or not voting: Bergman, Zook.
Total 2

HB 411 - Representative R. Johnson moved Governor's amendments to HB 411 be concurred in. Motion carried as follows:

Ayes: Anderson, Bachini, Bardanouve, Barnett, Barnhart, Benedict, Bergman, Boharski, Bohlinger, Brandewie, Brooke, Brown, Clark, Cobb, DeBruycker, Elliott, Ellis, Endy, Ewer, Fagg, Feland, Fisher, Foster, Galvin, Gilbert, Grady, Grimes, Hansen, H.S. Hanson, M. Hanson, Harper, Hayne, Herron, Hibbard, J. Johnson, R. Johnson, Kadas, Kasten, Keller, Knox, Larson, Mason, McCaffree, McCarthy, Menahan, Mills, Molnar, L. Nelson, T. Nelson, Orr, Peterson, Raney, Ream, Rehbein, J. Rice, S. Rice, Rose, Ryan, Sayles, Schwinden, Schye, Simon, Simpkins, Smith, Spring, Squires, Stovall, Strizich, Swanson, Tash, Toole, Tunby, Vogel, Wagner, Wallin, Wanzenried, Winslow, Zook, Mr. Speaker.
Total 79

Noes: Bergsagel, Bird, Cocchiarella, Daily, Davis, Dolezal, Dowell, Driscoll, Gervais, Harrington, McCulloch, Pavlovich, Peck, Quilici, Russell, Stanford, Tuss, Whalen, Wyatt.
Total 19

Excused: None.
Total 0

Absent or not voting: Grinde, Wiseman.
Total 2

HB 431 - Representative Strizich moved Governor's amendments to HB 431 be concurred in. Motion carried as follows:

Ayes: Anderson, Bachini, Bardanouve, Barnett, Barnhart, Benedict, Bergman, Bird, Boharski, Bohlinger, Brandewie, Brooke, Brown, Clark, Cobb, Cocchiarella, Daily, Davis, Dolezal, Dowell, Driscoll, Elliott, Ellis, Endy, Ewer, Fagg, Feland, Fisher, Foster, Galvin, Gervais, Gilbert, Grady, Grimes, Grinde, Hansen, H.S. Hanson, M. Hanson, Harper, Harrington, Hayne, Herron, Hibbard, J. Johnson, R. Johnson, Kadas, Kasten, Keller, Knox, Larson, Mason, McCaffree, McCarthy, McCulloch, Menahan, Mills, Molnar, L. Nelson, T. Nelson, Orr, Pavlovich, Peck, Peterson, Quilici, Raney, Ream, J. Rice, S. Rice, Rose, Russell, Ryan, Sayles, Schwinden, Schye, Simon, Simpkins, Smith, Spring, Squires, Stanford, Stovall, Strizich, Swanson, Tash, Toole, Tunby, Tuss, Vogel, Wagner, Wallin, Wanzenried, Whalen, Winslow, Wiseman, Wyatt, Zook, Mr. Speaker.
Total 97

Noes: Bergsagel, DeBruycker, Rehbein.
Total 3

Excused: None.
Total 0

And that this Free Conference Committee report be adopted.

For the House:	For the Senate:
Rep. Hibbard, Chair	Sen. Lynch, Chair
Rep. Benedict	Sen. Harp
Rep. Ewer	Sen. Wilson

Report adopted unanimously.

Conference Committee
on House Bill 645
Report No. 1, April 20, 1993

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 645, met and considered:

1. Senate Taxation Committee amendments of April 2, 1993

and recommend that House Bill 645 (reference copy -- salmon) be amended as follows:

1. Adopt the Senate Taxation Committee amendments of April 2, 1993

Further, that this Conference Committee report be adopted.

For the House:	For the Senate:
Rep. Grimes	Sen. Weeding, Chair
Rep. Schye	Sen. Eck

Report adopted unanimously.

MESSAGES FROM THE GOVERNOR

April 21, 1993

The Honorable Fred Van Valkenburg
President of the Senate
State Capitol
Helena, MT 59620

Dear Senator Van Valkenburg:

Please be informed that I have signed **SB 81, SB 91, SB 256, SB 258, SB 280, SB 292, SB 314, SB 323, SB 329, SB 334, SB 348, and SB 381** on April 21, 1993.

Sincerely,

MARC RACICOT
Governor

SECOND READING OF BILLS (COMMITTEE OF THE WHOLE)

Majority Leader Jergeson moved that the Senate resolve itself into the Committee of the Whole for consideration of business on second reading. Motion carried unanimously. Senator Swysgood in the Chair.

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

SJR 34 - Senator Eck moved that SJR 34 do pass. Motion carried as follows:

Yeas: Bartlett, Bianchi, Blaylock, Brown, Bruski-Maus, Christiaens, Doherty, Eck, Forrester, Franklin, Fritz, Grosfield, Halligan, Hockett, Jacobson, Jergeson, Kennedy, Klampe, Lynch, McClernan, Mesaros, Pipinich, Rea, Rye, Stang, Towe, Vaughn, Waterman, Weeding, Weldon, Wilson, Yellowtail, Mr. President.
Total 33

Nays: Aklestad, Beck, Brenden, Burnett, Crippen, Devlin, Gage, Harding, Harp, Hertel, Keating, Koehnke, Swift, Swysgood, Toews, Tveit.
Total 16

Absent or not voting: None.
Total 0

Excused: Hager.
Total 1

SJR 29 - Senator Weeding moved that the House amendments to SJR 29 be concurred in. Motion carried unanimously.

HB 453 - Senator Forrester moved that the Conference Committee report on HB 453 be adopted. Motion carried unanimously.

HB 121 - Senator Doherty moved that the Free Conference Committee report on HB 121 be adopted. Motion carried with Senators Beck and Harp voting nay.

HB 335 - Senator Bartlett moved that the Free Conference Committee report on HB 335 be adopted. Motion carried unanimously.

HB 92 - Senator Yellowtail moved that the Conference Committee report on HB 92 be adopted. Motion carried with Senators Crippen, Devlin, Harp, and Towe voting nay.

HB 442 - Senator Bianchi moved that the Conference Committee report on HB 442 be adopted. Motion carried unanimously.

HB 645 - Senator Weeding moved that the Conference Committee report on HB 645 be not adopted. Motion carried unanimously.

Conference Committee
on House Bill 645
Report No. 2, April 20, 1993

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 645, met and considered:

1. Senate Taxation Committee amendments of April 2, 1993

and recommend that House Bill 645 (reference copy -- salmon) be amended as follows:

1. Reject the Senate Taxation Committee amendments of April 2, 1993

Further, that this Conference Committee report be adopted.

For the House:	For the Senate:
Rep. Grimes	Sen. Weeding, Chair
Rep. Schye	Sen. Eck

Report adopted unanimously.

MESSAGES FROM THE GOVERNOR

April 21, 1993

The Honorable Fred Van Valkenburg
President of the Senate
State Capitol
Helena MT 59620

The Honorable John Mercer
Speaker of the House
State Capitol
Helena MT 59620

Dear President Van Valkenburg and Speaker Mercer:

In accordance with the power vested in me as Governor by the Constitution and laws of the State of Montana, I hereby return Senate Bill No. 332, "AN ACT REVISING THE URBAN TRANSPORTATION DISTRICT LAWS; ALLOWING FOR THE APPOINTMENT OF A TRANSPORTATION DISTRICT BOARD; ALLOWING LOCAL GOVERNING BODIES TO DETERMINE THE NUMBER OF BOARD MEMBERS, THE TERM OF OFFICE, THE SELECTION OF INITIAL MEMBERS, AND THE PROCEDURE FOR FILLING VACANCIES; AMENDING SECTIONS 7-14-212 AND 7-14-214, MCA; REPEALING SECTIONS 7-14-213, 7-14-215, 7-14-216, AND 7-14-217, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE," with the attached amendments for the following reasons.

HB 219 - Senator Halligan moved that the Conference Committee report on HB 219 be adopted. Motion carried unanimously.

HB 591 - Senator Blaylock moved that the Conference Committee report on HB 591 be adopted. Motion failed as follows:

Yeas: Bartlett, Bianchi, Blaylock, Brown, Christiaens, Crippen, Doherty, Eck, Fritz, Grosfield, Hockett, Jacobson, Jergeson, Kennedy, Klampe, Koehnke, McClernan, Rye, Towe, Vaughn, Weeding, Weldon, Wilson, Mr. President.
Total 24

Nays: Aklestad, Beck, Brenden, Bruski-Maus, Burnett, Devlin, Forrester, Franklin, Gage, Halligan, Harp, Hertel, Keating, Lynch, Mesaros, Pipinich, Rea, Stang, Swift, Swysgood, Toews, Tveit, Waterman, Yellowtail.
Total 24

Paired: Crippen, Jergeson, Mr. President, Aye; Stang, Tveit, Yellowtail, No.

Absent or not voting: None.
Total 0

Excused: Hager, Harding.
Total 2

HB 645 - Senator Weeding moved that the Conference Committee report on HB 645 be adopted. Motion failed as follows:

Yeas: Bartlett, Bianchi, Blaylock, Brenden, Brown, Bruski-Maus, Doherty, Eck, Fritz, Harp, Hockett, Jergeson, Kennedy, Klampe, Pipinich, Rea, Stang, Toews, Towe, Waterman, Weeding, Weldon, Yellowtail.
Total 23

Nays: Aklestad, Beck, Burnett, Christiaens, Devlin, Forrester, Franklin, Gage, Grosfield, Halligan, Hertel, Jacobson, Keating, Koehnke, Lynch, McClernan, Mesaros, Rye, Swift, Swysgood, Tveit, Vaughn, Wilson, Mr. President.
Total 24

Paired: Bartlett, Jergeson, Aye; Halligan, Mr. President, No.

Absent or not voting: None.
Total 0

Excused: Crippen, Hager, Harding.
Total 3

SB 14 - Senator Swift moved that the Free Conference Committee report on SB 14 be adopted. Motion carried as follows:

Yeas: Aklestad, Beck, Bianchi, Brenden, Brown, Bruski-Maus, Burnett, Devlin, Doherty, Eck, Forrester, Franklin, Fritz, Gage, Grosfield, Halligan, Harp, Hertel, Hockett, Keating, Kennedy, Klampe, McClernan, Mesaros,

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

SB 332 - Senator Weldon moved that the Governor's amendments to SB 332 be not concurred in. Motion carried as follows:

Yeas: Bartlett, Bianchi, Blaylock, Bruski-Maus, Christiaens, Eck, Forrester, Fritz, Halligan, Hockett, Jacobson, Jergeson, Kennedy, Klampe, Koehnke, McClernan, Pipinich, Rea, Stang, Vaughn, Waterman, Weeding, Weldon, Yellowtail, Mr. President.
Total 25

Nays: Aklestad, Beck, Brenden, Brown, Burnett, Crippen, Devlin, Doherty, Franklin, Gage, Grosfield, Harp, Hertel, Keating, Mesaros, Rye, Swift, Swysgood, Toews, Tveit, Wilson.
Total 21

Absent or not voting: Lynch, Towe.
Total 2

Excused: Hager, Harding.
Total 2

HB 591 - Senator Van Valkenburg moved that the Conference Committee report on HB 591 be adopted. Motion carried as follows:

Yeas: Bartlett, Bianchi, Blaylock, Brown, Christiaens, Crippen, Doherty, Eck, Forrester, Franklin, Fritz, Grosfield, Hager, Hockett, Jacobson, Jergeson, Kennedy, Klampe, Koehnke, McClernan, Pipinich, Towe, Vaughn, Weeding, Weldon, Wilson, Mr. President.
Total 27

Nays: Aklestad, Beck, Brenden, Bruski-Maus, Burnett, Devlin, Gage, Halligan, Harp, Hertel, Keating, Lynch, Mesaros, Rea, Rye, Stang, Swift, Swysgood, Toews, Tveit, Waterman, Yellowtail.
Total 22

Paired: Hager, Aye; Yellowtail, No.

Absent or not voting: None.
Total 0

Excused: Harding.
Total 1

HB 645 - Senator Weeding moved that the Conference Committee report on HB 645 be adopted. Senator Grosfield made a substitute motion that the Conference Committee report on HB 645 be not adopted. Motion failed as follows:

Yeas: Aklestad, Beck, Brenden, Burnett, Christiaens, Crippen, Forrester, Gage, Grosfield, Halligan, Harp, Hertel, Hockett, Jacobson, Keating,

Klampe, Lynch, McClernan, Mesaros, Rye, Swift, Swysgood, Towe, Waterman.
Total 24

Nays: Bartlett, Bianchi, Blaylock, Brown, Bruski-Maus, Devlin, Doherty, Eck, Franklin, Fritz, Jergeson, Kennedy, Koehnke, Pipinich, Rea, Stang, Toews, Tveit, Vaughn, Weeding, Weldon, Wilson, Yellowtail, Mr. President.
Total 24

Absent or not voting: None.
Total 0

Excused: Hager, Harding.
Total 2

Motion to adopt the Conference Committee report on HB 645 carried as follows:

Yeas: Bartlett, Bianchi, Blaylock, Brown, Bruski-Maus, Devlin, Doherty, Eck, Franklin, Fritz, Hertel, Jergeson, Kennedy, Koehnke, Pipinich, Rea, Stang, Toews, Towe, Tveit, Vaughn, Weeding, Weldon, Wilson, Yellowtail, Mr. President.
Total 26

Nays: Aklestad, Beck, Brenden, Burnett, Christiaens, Crippen, Forrester, Gage, Grosfield, Hager, Halligan, Harp, Hockett, Jacobson, Keating, Klampe, Lynch, McClernan, Mesaros, Rye, Swift, Swysgood, Waterman.
Total 23

Paired: Doherty, Aye; Hager, No.

Absent or not voting: None.
Total 0

Excused: Harding.
Total 1

SB 235 - Senator Crippen moved that the House amendments to SB 235 be not concurred in. Motion carried as follows:

Yeas: Aklestad, Beck, Blaylock, Brenden, Brown, Bruski-Maus, Burnett, Crippen, Devlin, Doherty, Eck, Forrester, Franklin, Fritz, Gage, Grosfield, Hager, Halligan, Harding, Harp, Hertel, Hockett, Jergeson, Keating, Klampe, Koehnke, Mesaros, Rea, Rye, Stang, Swift, Swysgood, Toews, Towe, Tveit, Vaughn, Waterman, Weeding, Weldon, Mr. President.
Total 40

Nays: Bartlett, Bianchi, Christiaens, Jacobson, Kennedy, Lynch, McClernan, Pipinich, Wilson, Yellowtail.
Total 10

Paired: Hager, Harding, Aye; Wilson, Yellowtail, No.

HB 591 Conference Committee Report No. 1 adopted by the following vote:

Yeas: Bartlett, Bianchi, Blaylock, Brown, Christiaens, Crippen, Doherty, Eck, Forrester, Franklin, Fritz, Grosfield, Hager, Hockett, Jacobson, Jergeson, Kennedy, Klampe, Koehnke, McClernan, Pipinich, Towe, Vaughn, Weeding, Weldon, Wilson, Mr. President.
Total 27

Nays: Aklestad, Beck, Brenden, Bruski-Maus, Burnett, Devlin, Gage, Halligan, Harp, Hertel, Keating, Lynch, Mesaros, Rea, Rye, Stang, Swift, Swysgood, Toews, Tveit, Waterman, Yellowtail.
Total 22

Paired: Hager, Aye; Yellowtail, No.

Absent or not voting: None.
Total 0

Excused: Harding.
Total 1

HB 645 Conference Committee Report No. 1 adopted by the following vote:

Yeas: Bartlett, Bianchi, Blaylock, Brown, Bruski-Maus, Christiaens, Devlin, Doherty, Eck, Fritz, Harp, Jergeson, Kennedy, Koehnke, Pipinich, Rea, Stang, Toews, Towe, Tveit, Vaughn, Waterman, Weeding, Weldon, Yellowtail, Mr. President.
Total 26

Nays: Aklestad, Beck, Brenden, Burnett, Crippen, Forrester, Franklin, Gage, Grosfield, Hager, Halligan, Harding, Hertel, Hockett, Jacobson, Keating, Klampe, Lynch, McClernan, Mesaros, Rye, Swift, Swysgood, Wilson.
Total 24

Paired: Doherty, Jergeson, Aye; Hager, Harding, No.

Absent or not voting: None.
Total 0

Excused: None.
Total 0

MOTIONS

HB 671 - Majority Leader Jergeson moved that the Governor's amendments to HB 671 be placed on second reading this legislative day. Motion carried unanimously.